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Friday August 30 1991

D 8523A

BRAZIL
City leads fight against pollution
Page 6

World News

Federal army attacked Croatians, EC envoy says

Claims that Yugoslavia's federal army had attacked Croatian villages were confirmed by the European Community's special envoy. Dutch ambassador to France Henri Wijnaendts said his team of EC monitors had gathered conclusive evidence. Page 16

General goes into exile
Rebel Christian General Michel Aoun was taken by French naval vessel from Lebanon to Cyprus en route to exile in France hours after being granted a special pardon for his role in hostilities. Page 4

Kuwaiti raid repulsed
Kuwaiti coastguard units repulsed an Iraqi attempt to land troops on strategic Bubiyan island, arresting 46 of the infiltrators, Kuwait reported. UN investigates, Page 4

Near miss over Ohio
A head-on collision between a British Airways jet and a Midway Airlines flight was narrowly averted over Ohio last Saturday when one pilot put his airliner into a steep dive, a traffic controllers' spokesman said.

Industrialist murdered
Libero Grassi, 67, an industrialist who became a national hero for refusing to pay bribes to the Mafia, was shot dead in front of his house in Palermo, Sicily.

Markov death link
A former Soviet KGB official said a Bulgarian police general that Sofia was trying to extradite from Moscow was a main organiser of the 1978 poison umbrella murder in London of Bulgarian dissident Georgi Markov.

Businessman seized
Mauricio Macri, a director of Argentina's Socma business group led by his father Francisco Macri, was reported to have been seized by kidnappers demanding a $2.5m ransom.

Impeachment campaign
A campaign to impeach Sri Lankan president Ranasinghe Premadasa on grounds of alleged abuse of power, corruption and illegal family deals has been launched by members of the country's parliament. Page 4

Violence in Nigeria
Violent protests were reported in a number of Nigerian towns after the military government's decision to create nine new states. Page 4

Train crash kills six
A Pakistani express train ploughed into freight wagons laden with fertiliser near the central town of Multan, killing at least six people and injuring more than 80.

Pompeii skeletons
Italian archaeologists discovered six more skeletons at Pompeii, the Roman town of 25,000 inhabitants destroyed by an eruption of Mount Vesuvius in 79AD.

Elvis love letter sold
A love letter written by singer Elvis Presley to Hollywood starlet Anita Wood in 1958 sold for £4,400 ($7,400) at a sale of pop memorabilia at Christie's in London.

Business Summary

UK skills shortage highlighted in OECD study

BRITAIN must tackle skills shortages throughout the economy if it is to gain the maximum benefits from membership of the European exchange rate mechanism, according to a report by the Organisation for Economic Co-operation and Development.

In its annual report on the UK, the 24-nation body says that Britain's entry into the ERM last October provided a "powerful force" to achieve low inflation and put the economy on a sound footing for the 1990s but management skills "have been slow to adapt to a more competitive world environment". Page 16; Details, Page 8; Editorial Comment, Page 14

LLOYD'S, the international insurance market, began court proceedings in London seeking injunctions to restrain two lossmaking US Names from pursuing actions to sue Lloyd's in the US courts. Page 16

GOLD was fixed at the lowest level since April on the London bullion market. It edged ahead after the afternoon fix of $351.25 a troy ounce, closing at $351.95, a fall of $2.50 on the day. Page 26

DAIMLER-BENZ, German engineering group, warned that it expected no increase in profits this year. Reporting a 5 per cent improvement in after-tax profits to DM880m ($506m) for the first half, it forecast that net income for the full year would only "reach last year's level" of DM1.76bn. Page 17

VOLKSWAGEN, German automotive group, posted a 1.2 per cent rise in half-yearly after-tax profits to DM433m ($249m). Vehicle sales in the US fell by 30 per cent to 58,565 units in the same period. Page 17

ICI, UK chemical combine, is to build a £6m acrylics composites plant at Tamatsukuri, north of Tokyo. Page 4

BOLAR, US pharmaceuticals company, and SmithKline Beecham have settled charges over Bolar's generic version of the UK group's blood-pressure drug Dyazide after more than a year of litigation. Page 19

FUJITSU of Japan has invested $40.2m in Californian company Hal Computer Systems which aims to build computers that outperform IBM mainframes. Page 4

CHICAGO BOARD Options Exchange, world's largest options market, is to shed 110 jobs in its 950-strong workforce because of reduced trading volume. Page 20

IBM, US computer group, and Mitsubishi, Japanese vehicle and engineering group, are expected to be the first two multinationals to test new proposals by the Indian government to process foreign investment projects. Page 4

SWIRE PACIFIC, aviation, property and trading group controlled by the Swire family, announced a 1.3 per cent fall in half-year profits to HK$1.08bn (US$139m). Page 19

LADBROKE GROUP, UK leisure company, launched a rights issue to raise £464m ($785m), the fifth largest so far this year in the UK. Page 17; Lex, Page 16

Leaders of most powerful republics seek to prevent break-up

Russia and Ukraine sign pact

By John Lloyd in Moscow and Ariane Genillard in Kiev

THE TWO most powerful republics in the Soviet Union, Russia and the Ukraine, yesterday agreed to continue economic and military co-operation in order to prevent the disintegration of the country.

In the first top level inter-republic meeting since last week's attempted coup, Mr Leonid Kravchuk, the Ukrainian president, and Mr Aleksandr Rutskoi, Russia's vice-president, urged other republics to "begin the preservation of an economic treaty among themselves".

Referring to the "former Soviet Union" in their joint statements, both men dismissed the prospect of any future federal government role in the relations between the republics. Mr Kravchuk even suggested in an interview later that all 15 republics should meet without Soviet president, Mr Mikhail Gorbachev, to prevent "any centrist domination".

Much emphasis was placed during the meeting on the future of the country's military structures. Mr Kravchuk and Mr Rutskoi stressed in their joint statement the need to resolve problems concerning defence and called for the creation of a joint defence system.

A meeting of commanders of ground and naval forces based in the Ukraine met in the capital, Kiev, last night to discuss the concrete steps to be taken to bring the armed forces under the control of the Ukrainian supreme soviet.

Separately, President Nursultan Nazarbayev, president of Kazakhstan, banned all further nuclear weapons tests at the Soviet Union's main test site at Semipalatinsk, according to the Tass news agency.

The question of borders, which originally sparked the mounting antagonism between the Ukraine and Russia, was settled during the meeting of the republics' leaders.

The meeting came as the Soviet parliament voted unanimously to put the issue of independence for the three Baltic states on the agenda of next week's meeting of the full Congress of Peoples Deputies.

Elsewhere, Mr Gorbachev proposed a new security council made up of leading liberal politicians and leaders of republics wishing to sign a new union treaty.

He told the Supreme Soviet that the new council, which in its pre-coup composition contained many of those since arrested for treason, should include the leaders of Russia, the Ukraine, Belorussia, Azerbaijan, Kazakhstan, Uzbekistan, Turkmenistan, Tadzhikistan and Kirghizia – all republics which had been discussing a union treaty, although some had since declared independence.

In addition, its membership would include Mr Alexander Yakovlev, the former Gorbachev aide who resigned earlier this month, along with the mayors of Moscow and Leningrad, Mr Gavril Popov and Mr Anatoly Sobchak, Mr Vadim Bakatin, the new head of the KGB and Mr Yevgeny Primakov, the presidential foreign policy aide. The last two were the only members of the previous security council to be nominated.

However, the Supreme Soviet instructed Mr Gorbachev to discuss with the union leaders their membership of the committee, in view
Contined on Page 16

Agreement on Soviet aid: George Bush with John Major during a press conference at the president's vacation home

THE SOVIET UNION

- Central bank chief tells of witch-hunt fears; Soviet deputies order arrest of their speaker Page 2
- Editorial comment: Metternich in the Elysée Page 14

Major and Bush agree on Anglo-US aid package

By Lionel Barber in Kennebunkport and Rachel Johnson in London

MR JOHN MAJOR, the British prime minister, yesterday reached agreement with President George Bush on a six-point plan to accelerate food and humanitarian aid to the Soviet Union.

The plan calls for expanded technical assistance to help the Soviet authorities and individual republics take steps toward a market economy, but it avoids a commitment on direct financial assistance.

The agreement means Mr Major will be able to present a joint Anglo-American position when he arrives for talks with the Soviet leadership in Moscow on Sunday. But it may disappoint some European countries such as Germany and Italy, which would like early pledges of cash assistance to encourage economic reform in the Soviet Union.

In London, finance officials from the Group of Seven industrialised nations ended a day's discussion of how to help the Soviet economy with a plea for President Mikhail Gorbachev to speed up his reform programme.

The officials – known colloquially as "sherpas" – are preparing the G7 position ahead of Mr Major's trip to Moscow. They were urged by Germany to offer hard cash, in spite of the current state of economic and political flux.

Speaking on BBC radio, Mr Horst Köhler, the German sherpa, said aid to the Soviet Union was unbalanced and G7 partners should aim to match Germany's aid provisions.

The London meeting refrained from discussing a new aid package in the light of the failed coup, but agreed that the G7 would help distribute food before the Soviet winter.

It was also felt that the newly independent Baltic states might qualify for aid earlier than the Soviet Union, UK government sources said.

Speaking at Mr Bush's vacation home in Kennebunkport, Maine, Mr Major said the US and UK were in "absolute agreement" on the need to help the Soviet Union toward democracy and a market economy, but within the framework of July's G7 agreement in London. The Anglo-American six-point plan includes:

- fulfilling existing pledges for food credits;
- assessing food aid needs this winter;
- creating "lifeline" teams, probably from the public and private sector, to visit the Soviet Union and assess food production and distribution;
- expanding technical assistance on economic reform;
- providing more advice from the International Monetary Fund and World Bank and
- "accelerating" implementation of special IMF associate membership for the Soviet Union with a view to full membership, which would allow access to credit from international financial institutions.

Continued on Page 16

EC's new TV strategy 'will cost consumers Ecu21bn'

By Andrew Hill in Brussels

EUROPEAN Commission plans for a new strategy on high-definition TV could cost European taxpayers and consumers as much as Ecu21bn ($24.4bn) over the next 10 years, independent consultants say.

Coopers & Lybrand yesterday published a report examining the likely impact of the Commission's draft HDTV directive on consumers. It provides ammunition for broadcasters to renew their assault on the stalled EC strategy next month.

The report was commissioned by Esselte, the Swedish group which owns the European Filmnet pay-TV channel, and VPRT, which represents German private broadcasters.

Mr Kip Meek of Coopers & Lybrand estimated that between Ecu12bn and Ecu21bn might have to be spent by consumers and cable and satellite TV companies to upgrade equipment over the nine years from full implementation of the directive in 1993 and by the Commission in subsidies.

The draft legislation aims to encourage use of the D2-Mac satellite broadcasting standard, which will give improved sound and picture quality to satellite and cable viewers. It is an intermediate step en route to a full HDTV norm, known as HD-Mac, which will give near cinema-quality to TV transmissions.

The Commission wants the directive combined with a legally binding memorandum of understanding signed by industry representatives to ensure that the directive is enforced. But last month, Mr Filippo Maria Pandolfi, EC telecommunications and research minister, had to postpone agreement on the memorandum because of strong opposition from satellite broadcasters.

The Coopers & Lybrand report estimates that the cost of installing D2-Mac receiving equipment in new TV sets over 52cm, as required by the directive, could add Ecu200 to the price of such sets.

But it points out that the majority of European consumers receive transmissions from terrestial stations and therefore would not benefit from the new system. Cable TV customers would have to pay higher charges and users of satellite TV may have to spend Ecu350 on new decoders to receive pictures broadcast in D2-Mac.

Plug your products, Page 8

Maruko in bankruptcy filing with Y277bn debts

By Steven Butler in Tokyo

MARUKO, the Japanese property company, yesterday filed for court protection with total debts of Y277.7bn ($2.02bn) – the second-biggest bankruptcy for a listed Japanese company. It follows a series of large property-related bankruptcies, including the Y407bn collapse of Nanatomi in January.

Trading in Maruko shares was suspended on the Tokyo over-the-counter market.

Maruko had specialised in sales of one-room apartments which were purchased for speculative investment during the property boom of the late 1980s. The market collapsed last year after a rise in interest rates and the imposition of controls on lending for property purchase.

The Ministry of Finance, meanwhile, said bank property lending had contracted by 0.2 per cent at the end of June, compared to with the end of March. Total lending by commercial banks rose 0.5 per cent during the period.

Maruko earlier this week submitted a restructuring plan through its lead bank, Mitsubishi Trust & Banking, which involved suspending loan repayments and Y3bn in new funding.

The company was forced to turn to the court for protection after its bankers rejected the plan.

Mr Shoji Kanazawa, chairman, said the company owed Y54.3bn to Mitsubishi Trust & Banking, Y16.6bn to the Long-Term Credit Bank of Japan and Y11.9bn to Sumitomo Bank.

Mr Kanazawa claimed the underlying demand for property remained strong. He added that by seeking court protection, the company would be able to could continue operations until financial conditions allowed for a revival in of the business.

He blamed the company's difficulties on volume ceilings on property lending, high interest rates, changes in the tax laws that had increased the cost of borrowing for property purchases, and the imposition of capital adequacy ratios by the Bank for International Settlements, which have forced banks to cut lending.

The application to the courts came after a Y6.6bn yen pretax loss in the first half of the year. This compares with Y3.2bn profits last year, and Y5.8bn in 1989. Sales in the first six months were Y41.6bn, compared with Y135.22bn for the whole of 1990.

Maruko attempted a financial reconstruction last November in co-operation with Mitsubishi Trust & Banking. The plan involved the sale of Y20bn worth of property and a shift of business to residential hotel leasing.

Continued deterioration of the property market cut into Maruko's business, however, and made it impossible to meet interest payments. The Real Estate Companies Association reported on Monday that sales in Japan fell by 30.7 per cent in the first half.

Weekend FT

Tomorrow: Aids, how humanity can stand up to the Doomsday virus

●

The travels of a professional European

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American Democrats lack both a message and a messenger

So far the only Democrat formally running against President George Bush in next year's election is ex-senator Paul Tsongas. But his party is not only short of candidates; it cannot agree on a clear strategy either
Page 14

MARKETS

STERLING
New York lunchtime:
$1.684
London:
$1.6815 (1.69)
DM2.935 (2.94)
FFr9.9625 (9.98)
SFr2.565 (2.565)
Y230.25 (231.0)
£ index 90.7 (90.6)

GOLD
New York: Comex Dec
$355.7 (358.9)
London:
$351.95 (354.45)

N SEA OIL (Argus)
Brent Oct
$20.225 (20.05)

Chief price changes yesterday: Page 15

DOLLAR
New York lunchtime:
DM1.7435
FFr5.916
SFr1.5235
Y137.15
London:
DM1.746 (1.74)
FFr5.925 (5.905)
SFr1.5255 (1.5175)
Y137.0 (136.65)
$ index 66.4 (66.4)
Tokyo close: Y136.73

US LUNCHTIME RATES
Fed Funds: $5\frac{1}{2}$%
3-mo Treasury Bills: 5.41%
Long Bond: $101\frac{1}{2}$
yield: 7.986%

STOCK INDICES
FT-SE 100:
2,638.2 (+14.0)
FT Ordinary:
2,066.2 (+12.3)
FT-A All-Share:
1,266.31 (+0.5%)
New York lunchtime:
DJ Ind. Av.
3,051.43 (−3.80)
S&P Comp
395.59 (−0.05)
Tokyo: Nikkei
22,002.17 (+380.54)

LONDON MONEY
3-month interbank:
$10\frac{13}{16}$ ($10\frac{13}{16}$)
Liffe long gilt future:
Oct $94\frac{3}{16}$ ($93\frac{1}{2}$)

Central bank chief tells of witch-hunt fears

Victor Gerashchenko, newly reinstated as Gosbank chairman, talks to John Lloyd

Victor Gerashchenko, temporarily ousted as chairman of Gosbank, is at the centre of the struggle between the Union and the republics for control of the Soviet Union's finances

MR Victor Gerashchenko, reinstated as chairman of the Soviet State Bank (Gosbank) after being ousted on Monday, yesterday predicted that the struggle between the Union and republican authorities over the financial and banking system would continue.

He described as "a stupidity" the decree which dismissed him and the chairman of the Bank of Foreign Economic Relations (Vneshekonombank) and replaced them with Russian government nominees. The decree was issued by Mr Ivan Silayev, the Russian prime minister and head of the four-man team now in charge of the Union government.

Both Mr Gerashchenko and Mr Yuri Mosskovsky, the Foreign Economic Relations Bank chairman, were back at work yesterday, although neither had received written authorisation from President Gorbachev and from Mr Silayev.

Mr Gerashchenko said: "I told Silayev: I will never resign if I am pushed. But if in the new Union treaty a concept of the central banking system is worked out which is wrong, then I will resign."

He said the republican leaders, including Mr Boris Yeltsin, the Russian President, were engaged in a "struggle of personalities round which certain forces gather".

They were "behaving like rich peasants, who want to take everything for themselves," he said. "Yeltsin is now the power: that is why he must be *particularly responsible*. He must understand that the responsibilities of the Russian republic are not the same as all the rest – they are greater. Russia was always the metropolitan state, like England in the United Kingdom. And if he plays this game of trying to strengthen himself against the centre and everyone else it will lead to collapse."

Mr Gerashchenko faces a future as the Soviet Union's chief banker without any guidance as to his powers and the relationship he will have with the republics, of which eight have declared independence and one, Russia, is overwhelmingly dominant.

He has two feelings on the coup. On the one hand, "it is the last attempt in this country when people will do something by force". On the other "it was a kind of a warning to the republican leaders – that you must behave and decide responsibly".

He revealed that during the coup last week, he sent four cables to the central republican banks and finance ministries, demanding that they transfer to the State Bank the funds they had withheld from the centre over the past months and which had contributed to the vast budget deficit, Rs72bn on August 1.

"Pavlov (the then Prime Minister, now arrested) called me at 12 o'clock on Monday and demanded again that they be told to send in the money," he said.

However, he denied complicity in the coup, as alleged by Russian politicians and by the Russian press, saying, "it is the duty of civil servants like myself not to be involved in politics but to carry out our functions as we see best".

He admitted, however, that he might be the target of a witch-hunt, "especially when they think that I knew Pavlov a long time, we went to the same institute and played in the same basketball team".

On the morning of the coup, Mr Gerashchenko was awoken at 6am at his government dacha outside Moscow by his night secretary, who informed him of the takeover. He drove to the bank, and was told the Soviet President was sick and that Mr Gennady Yanaev, the vice president, was taking over.

"The thought of what happened to Khrushchev in 1964 (when the Soviet leader was deposed by his politburo colleagues) came to my mind. But I also thought – Gorbachev works under such a strain, he is always drinking some liquid every half hour, maybe it is some kind of medicine, perhaps he is sick."

Mr Gerashchenko was called to attend the cabinet meeting at 6pm on Monday, the only one which took place during the coup. "As soon as we sat down, I realised something was strange with Pavlov's condition. He was drunk. He leaned forward on one elbow, and looked about the table, and said: 'Well, chaps, what should we do now?'."

The next day, a statement was issued that Mr Pavlov had been taken ill with high blood pressure. "I think that Pavlov thought that something was going wrong from that first day," said Mr Gerashchenko. "He had high blood pressure, and that is made worse by drinking. I think he drank in order to become ill, to take himself out of it."

The State Bank chairman faced a series of problems during the coup. "The position of the Bank of Foreign Economic Affairs (which handles the Soviet debt) worsened at once. On August 20, Shcherbakov (the first deputy prime minister) phoned me to ask me to write to all the governors of the central banks in the countries where we had Soviet banking organisations to reassure them, *and this I did*."

Savers were besieging the savings banks, withdrawing their money; he and his senior colleagues considered, but delayed taking, a decision to limit withdrawals to Rs500 a month.

At the same time, he was told that the currency transactions of Soviet banks were being either refused, or that "tricks" were being played. Western banks – which he would not name – were concluding agreements to buy and sell currency, but were delaying depositing the agreed sums of foreign currency in the Soviet accounts. "That was a shame," said Mr Gerashchenko.

He issued a "strong recommendation" to the commercial banks licensed to conduct foreign transactions to deposit their hard currency reserves with the State Bank "for safekeeping" – though the coup was over before it became clear whether they would comply.

Confusion reigns in banking system

By John Lloyd

THE Soviet Bank for Foreign Economic Relations (Vneshekonombank) yesterday called on the new four-man committee running the economy to explain who was in charge of the bank.

Mr Yuri Moskovsky, Vneshekonombank chairman, made his request at the first meeting of the interim committee, according to the official news agency Tass.

His appeal followed a day of confusion about whether *Soviet or Russian* authorities controlled Soviet banks and financial institutions.

The former chairmen of both the State Bank (Gosbank) and of Vneshekonombank were both back at their desks, having been asked to return three days after being removed.

Mr Nikolai Barkovsky, an assistant to Mr Yuri Moskovsky, the Vneshekonombank chairman, said that Mr Moskovsky could not comment on his duties until the situation was clarified in a day or two.

The decree by Mr Ivan Silayev, the Russian Prime minister, brought the Soviet Ministry of Finance, Gosbank and in particular all currency transactions and sale of gold and previous stones by Vneshekonombank under the control of Russian authorities.

A statement from Tass last night said that it had now been agreed by the Russian Central Bank, the Russian Trade Bank and the Russian Finance Ministry that the Vneshekonombank should continue its financial and currency operations, together with sale of precious metal and stones, "as envisaged under its rules".

However, this decision appears to show that it is the Russian authorities who are ultimately in charge.

Soviet deputies order arrest of their speaker

By Anthony Robinson in Moscow

THE Supreme Soviet yesterday ordered the arrest of its speaker, Mr Anatoly Lukyanov, and added his name to the growing list of officials accused of treason over their alleged part in the abortive coup.

Mr Lukyanov, denounced by Mr Ivan Silayev, the Russian prime minister, as the "ideologue" behind last week's failed coup, was stripped of his parliamentary immunity by an overwhelming vote of the Supreme Soviet.

Ironically, his downfall was demanded by Mr Nikolai Trubin, the Soviet prosecutor-general, who had pronounced the coup constitutional while on a visit to Havana, and who offered to resign shortly after the vote against Mr Lukyanov.

Mr Trubin said "very serious evidence" had been received implicating Mr Lukyanov in the plot to remove Mr Gorbachev.

Mr Lukyanov, a lifelong communist who began work at 13 in a munitions factory in 1943, graduated as a lawyer 10 years later and became the Soviet Union's leading constitutional expert. A close friend of Mr Gorbachev since university days, the silver-haired lawyer earned the enmity of many inexperienced and frequently demagogic deputies by his punctilious demands for respect of the constitutional rules and disdain for what he saw as the amateurism and empty populism of many in the new parliament.

Over the last few days, Mr Lukyanov has fought an increasingly desperate battle to clear his name. But the revelation that he attended a late-night Kremlin meeting with the coup leaders on the eve of the coup, his bitter attack on the Union Treaty minutes after the coup was announced and other evidence cited by the prosecutor left him isolated and vulnerable.

In the Supreme Soviet yesterday, the prosecutor accused him of providing a legal basis for the illegal decree issued by Mr Gennady Yanayev, the nominal coup leader, and of promising to assist the plotters by pressing the Supreme Soviet to legitimise the coup at the session planned for August 26.

Yesterday the independent Mezavisimaya Gazeta published an interview in which Mr Lukyanov said he first heard of the plot on Sunday night, after the coup leaders sent a helicopter to take him to the Kremlin.

"I told them straightaway that their venture was irresponsible and described it as 'the plot of the doomed'," he told the newspaper. It would lead to civil war, he added. As for his attack on the Union Treaty, he said it had been written on August 16 and he was very angry when Tass published it as the first item after the coup announcement.

DUMAS ARRIVES IN VILNIUS TO PROMOTE BALTIC STATES' FREEDOM

FRANCE seized the diplomatic initiative on the freedom of the Baltic states yesterday with the appearance in Lithuania of Mr Roland Dumas, the foreign minister, writes Robert Taylor in Vilnius.

Mr Dumas, pictured above, arrived in the wake of the Baltic states' declarations of independence. Today he travels to Latvia and Estonia, where he will reiterate France's commitment to the Baltic cause.

Mr Vytantas Landsbergis, Lithuania's president, praised France for its "consistently principled" policy over his country's independence and said he was entrusting Mr Dumas with a letter to Mr Javier Pérez de Cuéllar, United Nations secretary general, requesting Lithuanian membership.

France has agreed to return the 2.3 tonnes of gold deposited in France by the Lithuanian government in 1940 before the Soviet annexation of the country.

Mr Anders Bjork, president of the Council of Europe, said earlier he was passing on a request from Mr Landsbergis for special observer status in the Council of Europe, with the prospect of full membership soon.

Reuter adds: Mr Sten Andersson, Sweden's Foreign Minister, left yesterday for a one-day visit to Estonia to open a Swedish embassy in Tallinn. Sweden established diplomatic ties with Estonia, Latvia and Lithuania on Wednesday.

Finland did the same yesterday. It has close links with the republics, particularly with Estonia, with which it also has linguistic ties.

In Warsaw, Prime Minister Jan Krzysztof Bielecki sent letters to the three Baltic prime ministers formally recognising their independence, and in Prague, a cabinet session authorised Jiri Dienstbier, the foreign minister, to forge agreements renewing diplomatic relations with them.

Earlier, after a meeting in the east German city of Weimar, Mr Dumas told a news conference with his German and Polish counterparts Hans-Dietrich Genscher and Krzysztof Skubiszewski: "The Baltics are a special case."

ICI signs two joint ventures

By Charles Leadbeater, Industrial Editor

ICI has signed two agrochemical joint ventures with the Ukraine, one to market ICI products to collective farms and the other to market local agricultural products in foreign markets.

The joint ventures will build upon the company's longstanding links with agricultural producers in the republic.

Mr John Martin, head of the UK chemical combine's east European operations, said moves towards independence by republics within the Soviet Union would accelerate the opening of opportunities for western businesses.

ICI made progress on two other fronts despite the turmoil created by the coup. On August 19, the day of the coup, it received a significant hard currency payment from Vneshekonombank, the bank for foreign economic relations.

In the course of the week the company also managed to ship three train loads of the agrochemical Reglone from its Belgian plant to Ukrainian and Russian customers after it received a secure letter of credit for the shipment worth £8.4m.

The shipment had to leave ICI's Belgian plant last week or it would not have reached the relevant crops in time.

ICI has formed a joint venture with the 40 Years October Farm, near Kiev, the leading farm within an association of more than 300 within the republic.

The 40 Years October Farm will market ICI crop products to its associates and the joint venture will earn foreign currency from sales of wheat generated by higher crop yields.

Pact between the Ukraine and Russia 'marks end of old Union'

By John Lloyd in Moscow and Ariane Genillard in Kiev

THE agreement between Ukrainian, Soviet and Russian envoys yesterday has introduced a new principle of relations between Soviet republics – putting responsibility for these relations largely on mutual agreements between republics, and sidelining the Union.

Mr Yuri Shcherbak, the Ukrainian environment minister, said yesterday: "It is the first acknowledgement of the disintegration of the Soviet system in its old form." If a new Union emerged, it would have to be on completely new principles.

The agreement puts to one side the explosive issue of the redrawing of borders between the two republics. This emerged on Monday night, when President Boris Yeltsin of Russia said that republics leaving the union could expect to have their borders with Russia reviewed.

The two sides agreed to respect a November 1990 treaty between the two republics, barring the re-examination of borders. "It was important to reach a point of mutual understanding," said Mr Alexander Rutskoi, the Russian vice-president. "It was difficult, because each side is suspicious of the other. But today, we exercised our desire to stabilise the situation between our two republics."

Mr Leonid Kravchuk, the Ukrainian President, warned that "a Union means nothing unless it is based on the absence of dictatorship from either side. We must renounce any action which would revive imperialist ambitions. If we fail to do so, it would lead to violence."

The form of the statement and the fact that the delegation to the talks from the Soviet Union were described as "observers" rather than participants makes it clear that hopes of the preservation of a union which is more than a loose alliance are now slim.

In a "transitional period" leading up to the signing of a new Union Treaty, the two states would join with other republics in developing an economic agreement – an initiative already begun this week between Mr Gorbachev, the Soviet President, and the leaders of Russia, Kazakhstan and Kirghizia.

The two republics are to "refrain from adopting unilateral measures on security issues", reform the armed forces and create a collective security system. In what might herald the beginnings of an ambassadorial exchange, they also agreed to appoint representatives for mutual passage of information and for consultations.

Mr Kravchuk said this week he believed in a confederation of independent states, not a federal union. "If the Union is something else, it will be short-lived, as every nation longs to be the master in its own land." Besides, he said, Ukraine could not address the issue of a Union Treaty until after December 1 – when it holds a referendum on its declaration of independence. Mr Anatoly Sobchak, the mayor of Leningrad who led the Soviet delegation to Kiev said after the meeting yesterday that Mr Yeltsin's statement on the borders "meant only one thing – in connection with the recognition of independence, we have to sit down for negotiations and discuss all the issues which could emerge".

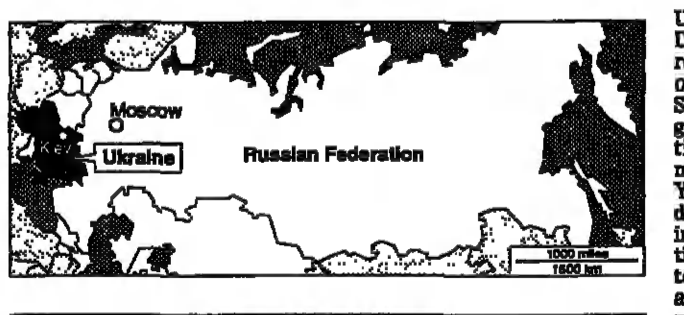
The two republics, respectively accounting for 51 per cent and 15 per cent of the Soviet population, are closely bound by ethnic and historical ties, and a mesh of economic interdependence. The Ukraine has already harmed Russia's economy by putting up customs barriers between itself and the rest of the Soviet Union, and by holding back most of its grain – it is the Soviet "breadbasket" – for its own consumption.

However, the defence and aviation plants round Kiev are dependent on all-Union defence and aerospace orders: while the huge mining area of the Donbass, employing half a million workers, is close to exhaustion in many parts and much of it should, on economic grounds, be closed.

● Romania and the Soviet republic of Moldavia agreed yesterday to exchange diplomatic and consular missions, **Reuter reports from Bucharest.**

Romania borders Moldavia, two-thirds of whose population are ethnic Romanians. Romania was the first and is so far the only country to recognise the republic's independence from the Soviet Union, declared on Tuesday.

Moldavia once belonged to the old Romanian kingdom.



UKRAINE AND RUSSIA

	USSR	Russia	Ukraine
Population	288m	145m	44.1m
% of total		50.8	15.5
Oil production (tons)	607m	552m	5m
% of total		91	1
Gas production (cu. m.)	796bn	616bn	31bn
Agricultural output % of total		50.3	17.9
Foreign trade balances (Rbs bn)	-50.4	-32.4	-7.7
Inter-republican trade balance (Rbs bn)		3.6	1.6
Growth in NMP* (%) (1985-1989)	2.7	2.5	3.0

Notes: All figures are for 1989, unless otherwise stated. *NMP, unlike GDP, excludes depreciation and the value added of services.
Source: A study of the Soviet Economy. IMF, The World Bank, OECD, EBRD. February 1991.

West cautious on trade credits

By Our Foreign Staff

ITALY has been the exception among the Soviet Union's main trading partners in responding optimistically to the uncertainty created by the events of the last 10 days, while the others have maintained a cautious approach towards extending and facilitating export credits.

The Italians have been strongly backed by SACE, the country's export credit guarantee agency. Earlier this week, the Rome government said it would increase planned bank loans for this year to L2,500bn (£1.14bn).

The loans, which are for Italian goods, are part of a five-year L5,000bn package for the Soviet Union, guaranteed by the Italian government, and started last year.

According to the Italian Treasury, SACE has now authorised the payment of some L1,500bn in loans originally slated for the second half of 1993 and all 1994.

Hermes, the agency responsi*ble for trade credit in Ger*many, the Soviet Union's chief trading partner among OECD countries, currently guarantees about DM20bn (£6.8bn)-worth of business with the Soviet Union and is continuing to provide guarantees.

The UK is proceeding cautiously. "The position is under review and we are still providing a limited amount of short-term cover under 180 days subject to security," an official at the Export Credits Guarantee Department said yesterday.

The ECGD says, however, that it is monitoring political developments to see if the three Baltic republics achieve full independence from Moscow. With British diplomatic recognition, they will have to be treated separately for trade finance purposes.

Mr Dominique Strauss-Kahn, French Minister of Industry and Foreign Trade, said yesterday the government had to support French companies proposing projects in which the Soviet Union was interested. It was up to France to help the Soviet Union by opening new lines of credit enabling Soviet enterprises to buy French beef and capital goods, he said.

Coface, the French export credit guarantee organisation, guarantees about FFr20bn (£2bn)-worth of French exports to the Soviet Union. Among other partners, Austria will continue to extend export credit guarantees and loans Mr Helmut Haschek, chairman of the Austrian Kontrollbank, said yesterday. Austria's Soviet loans consist of non-guaranteed bank credits of Sch21bn (£1.015m) and export financing worth Sch35bn, of which Sch32bn is state guaranteed.

The US Export-Import Bank *reopened its doors in January* for Soviet export loan guarantees for the first time in 17 years, after President Bush waived the Jackson-Vanik amendment to the 1974 Trade Act preventing Eximbank finance for the Soviet Union.

The US foreign trade bank has since approved three transactions totalling $78.6m for contracts involving the sale of machine tools for piston manufacture, battery manufacturing equipment and computers for nuclear power plant safety but no loans have been disbursed yet, so Eximbank still has no exposure to the Soviet Union.

Reports by Haig Simonian in Milan, David Goodhart in Bonn, Robert Mauthner in Paris, George Graham in Washington, and David Barchard, Judy Dempsey and Anthony McDermott in London.

Barclays helped save Gosbank chief's job

By Peter Marsh

BARCLAYS, Britain's biggest clearing bank, was one of a number of western banks which put discreet pressure on the Soviet and Russian authorities to reinstate Mr Victor Gerashchenko, chairman of the Soviet central bank (Gosbank).

Mr Paul Shale, head of Barclays' office in Moscow, earlier this week phoned top Soviet and Russian aides to express worries in the western banking community at the prospect of Mr Gerashchenko's departure. The moves by Barclays seem to have been replicated by several other European banks heavily involved in the Soviet Union, including Deutsche Bank of Germany and Midland.

Many western banks believe Mr Gerashchenko will be important in guiding the Soviet Union to a market-based economy. "A lot of western bankers were disturbed at what was happening," said Mr Ronald Freeman, deputy head of the London-based European Bank for Reconstruction and Development.

Mr Gerashchenko, 53, is a key figure in running both Gosbank and Vneshekonombank, the Soviet Union's main bank for handling foreign currency transactions and for servicing its $60bn external debt.

Mr Gerashchenko has been Gosbank's chairman since August 1989, and before, was deputy chairman of the Bank for Foreign Trade, the former name for Vneshekonombank. He once worked in London for Moscow Narodny Bank, which is 51 per cent owned by Gosbank and Vneshekonombank. One banker said that if Mr Gerashchenko had been removed permanently, some western banks might have had to re-think their future Soviet role.

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Business optimistic over east German economy

By Leslie Colitt in Berlin

GERMAN businessmen, politicians and civil servants are more optimistic than the population at large that the battered east German economy will recover in dramatic fashion by 1994.

An opinion poll yesterday showed that 64 per cent of senior west German managers, politicians and officials agreed east Germany would experience an "economic miracle" in the next three years. Some 56 per cent of their counterparts in east Germany held the same belief in the survey conducted by the respected Allensbach Polling Institute.

But among ordinary Germans only 25 per cent of easterners and 24 per cent of westerners were confident of a strong economic upswing. A comparatively large 17 per cent and 18 per cent respectively were undecided. The remainder said they did not believe in an economic miracle.

Presenting the findings, Ms Elisabeth Noelle-Neumann, head of the Allensbach Institute, said it was the first poll to include east Germans occupying senior posts.

Asked about the present investment climate in east Germany, 40 per cent of the senior west Germans called it good, while 49 per cent disagreed and 11 per cent were undecided. But Ms Noelle-Neumann said it was important that in a previous poll last January only 22 per cent said the investment climate was good.

Among the senior east Germans, 32 per cent said the climate for investments was favourable, while 55 per cent disagreed.

The poll's findings on attitudes toward the east German Treuhand are bound to raise hackles in the much-criticised privatisation agency. Only 34 per cent of the senior west Germans who had contacts with the Treuhand were favourably impressed while 41 per cent had a negative opinion and 25 per cent were undecided.

However, 64 per cent of senior easterners had a positive view and only 23 per cent did not. Most of those polled depend on Treuhand handouts for the economic survival of their companies.

German impetus for car sales

By Kevin Done, Motor Industry Correspondent

NEW car sales in western Europe jumped by 17.6 per cent in July to 1.26m, according to industry estimates, largely due to a renewed surge in demand in Germany.

In the first seven months of the year, new car sales at 8.65m were 4 per cent higher than in the same period a year ago, with the high level of demand in Germany masking the recession in several other leading European markets.

Excluding Germany, new car sales in western Europe in the first seven months were 10.4 per cent lower at 5.78m.

Germany currently accounts for one in every three new cars sold in western Europe. In July, new car sales in Germany, at 488,330, were an estimated 65 per cent higher than a year ago, when the surge in demand in eastern Germany was only just beginning.

In the first seven months this year, sales in the whole of Germany reached an estimated 2.87m, a 53.8 per cent increase from the 1.87m achieved in the same period a year ago, largely in west Germany alone. Western car makers began to have full access to the eastern German market from July last year.

Across the whole of western Europe, new car sales in both July and in the first seven months of the year were higher than a year ago in eight markets, most importantly in Germany and lower in nine, led by sharp falls in the UK, Spain and France.

The continuing imbalance of new car demand across western Europe is causing a sharp divergence in the fortunes of the big six volume-car makers.

The strongest performances are being staged by the Volkswagen group, which includes Audi and SEAT, General Motors (Opel/Vauxhall) and Ford, which are the leading players in the German market. The Volkswagen group raised its volume sales in the first seven months by an estimated 12.7 per cent, allowing it to consolidate its position as the European market leader, with a share of 16.7 per cent against 15.4 per cent a year ago.

The Fiat group of Italy and the Peugeot group of France have both lost ground, and Fiat, especially, has also come under heavy attack in its domestic market.

● Christopher Parkes in Bonn writes: The boom in the German automotive industry is ending, officials of the motor industry association, VDA, said in Frankfurt yesterday.

Output was expected to breach the 5m-vehicle mark this year and set a new record, but the trend in incoming orders in the German market was "quite clearly downwards."

WEST EUROPEAN NEW CAR REGISTRATIONS*
January-July 1991

	Volume (Units)	Volume Change(%)	Share (%) Jan-Jul 91	Share (%) Jan-Jul 90
TOTAL MARKET*	8,646,000	+4.0	100.0	100.0
MANUFACTURERS:				
Volkswagen (incl. Audi & SEAT)	1,448,000	+12.7	16.7	15.4
Fiat (incl.Lancia, Alfa Romeo,Ferrari Innocenti,Maserati)	1,145,000	-8.5	13.2	15.1
General Motors (Opel/Vauxhall, US# & Saab)	1,085,000	+10.8	12.6	11.8
– Opel/Vauxhall	1,045,000	+11.5	12.1	11.2
– Saab**	31,000	-12.5	0.4	0.4
Ford (Europe, US# & Jaguar)	1,039,000	+10.0	12.0	11.3
– Ford Europe	1,029,000	+10.5	12.0	11.3
– Jaguar	7,000	-34.7	0.1	0.1
Peugeot (incl. Citroën)	993,000	-7.0	11.4	12.6
Renault††	852,000	+1.8	9.8	10.0
Mercedes-Benz	293,000	+12.4	3.4	3.1
Nissan	274,000	+18.6	3.2	2.8
BMW	247,000	+7.5	2.8	2.8
Toyota	226,000	+2.6	2.6	2.6
Rover†	201,000	-9.7	2.3	2.7
Mazda	188,000	+11.5	2.2	2.0
Volvo††	126,000	-16.4	1.4	1.8
Mitsubishi	123,000	+18.2	1.4	1.2
Honda†	105,000	+11.3	1.2	1.1
Total Japanese	1,051,000	+12.0	12.1	11.3
MARKETS:				
Germany*	2,870,000	+53.8	33.2	22.5
Italy	1,530,000	-2.8	17.7	18.9
France	1,216,000	-14.2	14.1	17.0
United Kingdom	838,000	-24.6	9.7	13.4
Spain	550,000	-15.3	6.4	7.8

*Includes eastern Germany in 1991.
#Cars imported from US and sold in western Europe.
**GM holds 50 per cent and management control of Saab Automobile.
†Honda holds a 20 per cent stake in Rover vehicle operations.
††Renault and Volvo are linked through minority cross-shareholdings.
Source : Industry estimates

Boost for hopes of French recovery

FRANCE'S economy grew by 0.8 per cent in the second quarter of this year, more than forecast by the National Institute of Statistics (Insée), raising hopes that recovery might be near, Robert Mauthner writes from Paris.

Mr Pierre Bérégovoy, finance minister, expressed surprise at the results, compared with earlier predictions of only a 0.5 per cent rise. He stressed France's economic performance this year had been better than other industrialised countries', except Germany.

The latest figures, which bring the cumulative increase in GDP this year to 0.9 per cent, suggest official forecasts of a 1.5 per cent rise over 1991 as a whole are likely to be an underestimate. The improved second-quarter performance was due mainly to a rise in exports of goods and services.

Italian telecom monopoly to end

Mr Carlo Vizzini, Italy's minister for posts and telecommunications, has confirmed plans to end the monopoly on mobile telephone networks held by the state-owned SIP group, and let one or more private sector companies into the market, Haig Simonian writes from Milan.

The move is line with European Community policy of greater private-sector involvement in European communications markets.

Two consortia are ready to set up mobile telephone networks once SIP's monopoly is abolished. Fiat, the automotive and industrial concern, has joined forces with Fininvest and Racal Telecom of the UK, while Olivetti, the computer maker, has formed Omnitel with the Swedish telecom authority and Bell Atlantic of the US.

Fears of tough rules for Emu

The European Community is moving towards setting such tough conditions for its planned currency union that many member states will have to scramble to meet them, diplomats say, Reuter reports from Brussels.

This issue – for full membership of the EC's Economic and Monetary Union (Emu) – tops the agenda of a meeting on Monday of the EC monetary committee of senior treasury and central bank officials.

And those who say Emu will succeed only if demanding conditions are set are now pitted against others who believe making them too tough will prevent Emu from ever happening.

A lone soldier yesterday walks past a train-load of tanks stranded in Ljubljana railway station after a military manoeuvre planned to take place in Bosnia was halted as railways closed in Croatian areas because of heavy fighting.

Treuhand shakes up rail wagon maker

THE Treuhand privatisation agency has dismissed four of six board directors at eastern Germany's Deutsche Waggonbau AG (DWA), a move that could herald the breakup of the world's biggest railway car maker, Reuter reports from Berlin.

The DWA said its management board chairman had been removed and three other directors would not have their contracts extended at the end of this year. Only one east German director has survived the boardroom reshuffle.

The decision was announced by DWA's supervisory board but reflects the policies of the Treuhand privatisation agency. "They were removed because we didn't agree with the way DWA was being run," said a Treuhand official, without elaborating.

The Treuhand is selling, rescuing or closing old state companies in the formerly communist east Germany.

The dismissals slim DWA's management down to three board directors and elevate a west German, Mr Peter Witt, to chief executive. Mr Witt was previously finance director.

DWA's old management had said they were keen to keep the company intact, with around 10,000 of its current 19,000 jobs surviving a streamlining of its five factories. The Treuhand put DWA out to international tender in April but only one western buyer expressed an interest in the group.

Although DWA expects to make a profit of DM26.5m ($15m) this year, it is a high-risk investment, as it depends heavily on government backing. Much of its DM2.6bn turnover this year is covered by a DM1.2bn export credit to the Soviet Union. It has signed a DM1.5bn deal for 1992.

On Thursday it signed its first contract, for DM200m with the west German federal railway, the Bundesbahn, which is expected to absorb the inefficient, debt-ridden east German Reichsbahn by 1994.

The Treuhand said on Wednesday it would split many of east Germany's 211 industrial combines.

One of the largest plants belonging to the former east German electrical group Robotron is to close with the loss of nearly 5,000 jobs, David Goodhart reports from Bonn. The Robotron office machinery plant at Sömmerda in east Germany will close at the end of the year.

The plant had hoped to survive on the strength of an agreement with the Taiwanese group, Aquarius Systems, to produce personal computers. But management said yesterday the Treuhand privatisation agency was not prepared to continue covering the plant's big losses.

Polish government faces prospect of dismissal

POLAND'S government, struggling to contain a higher-than-planned budget deficit, suddenly faced the prospect of being dismissed by MPs yesterday, Christopher Bobinski reports from Warsaw.

The motion to dismiss the government led by Mr Jan Krzysztof Bielecki came from Ms Wieslawa Ziolkowska, leader of one of the former Communist party groups, during a debate on spending cuts in civil service pay increases, housing subsidies, family benefits and on some pensions.

Ms Ziolkowaka suggested that the government, dominated by the free-market Liberal Democratic Congress, be recalled and asked to stay in a caretaker role until the October parliamentary elections.

Mr Leszek Balcerowicz, finance minister, had earlier asked parliament to approve changes in this year's budget which would see a cut in planned spending of 14.5 per cent. Government revenues are running 21.5 per cent lower than expected. The resulting deficit, Mr Balcerowicz said, would amount to 24,000bn zlotys ($2bn) or up to 3 per cent of GDP. Originally, this year's budget had envisaged a 4,306bn zloty deficit or just under 0.5 per cent of GDP.

Iata confirms dire state of world airline industry

By Paul Abrahams

THE DIRE state of the world's airline industry was confirmed yesterday when the International Air Transport Association reported air traffic in July down 4 per cent on the same month last year.

Weakness in international air traffic demand was causing financial difficulties for airlines, warned Mr Gunter Eser, Iata's director general. Many carriers were being forced to discount heavily just to achieve these poor results.

Preliminary results for the 204 members of Iata showed a fall in passenger and cargo traffic of 9 per cent during the first seven months of this year compared with 1990. Only 71 per cent of seats were filled by fare-paying passengers compared with 75 per cent over the same periods. This result was achieved in spite of a 3 per cent fall in capacity. Freight volumes fell by 4 per cent in July compared with last year.

The only region where passenger traffic increased during July was in the Far East, where it grew by 2 per cent over last year. Europe was worst affected by the recession, with falls of 7 per cent in July.

INTERNATIONAL NEWS

UN officials probe Iraqi troop landing

By Mark Nicholson

UNITED NATIONS officials yesterday visited Kuwait's Bubiyan island to investigate a landing there by Iraqi troops which Britain and the US strongly condemned as a serious violation of the Gulf war ceasefire agreement.

The British foreign office summoned the senior Iraqi diplomat in London, Mr Zuher Ibrahim, head of the Iraqi interests section in the Jordan embassy, to demand an explanation and protest at what it called "this further example of the Iraqi government's refusal to meet its international obligations".

Iraq's sole official reaction came from a foreign ministry official quoted by the Iraqi News Agency who described reports of the landing as "sheer lies".

Kuwaiti officials reported on Wednesday that coast guards had repulsed up to 90 Iraqi soldiers landing on the island from 12 vessels, capturing 46 men after a short gun battle. There were no reports of casualties.

The Iraqis' purpose is unclear, but Kuwaiti interior ministry officials speculated the soldiers wanted to scavenge weapons and munitions left on the island after the Gulf war.

Although the border is monitored by the UN Iraq-Kuwait Observer Mission (Unikom), members of which visited the island yesterday, the UN team does not have an observation post on Bubiyan itself.

Kuwait has submitted a report on the incident to the UN Security Council, which held informal talks yesterday to decide how to respond to what appears an outright breach of ceasefire resolution 687.

The Iraqi incursion will fuel Kuwaiti calls for a permanent US or British military presence in the emirate and add credence to the government's claim Iraq remains a threat.

Neither the US nor Britain wishes to station troops in Kuwait permanently, although the Pentagon said earlier this week that it would delay the withdrawal of the last of its troops in the country, due on Sunday, for "a couple of months".

US officials denied Kuwaiti newspaper reports claiming that Washington had undertaken to build a forward military facility 40km south of the emirate's border with Iraq.

Kuwait is seeking to sign 10-year protection treaties with Britain and the US to underpin its security following the failure of Egypt, Syria and its Gulf neighbours to agree on the formation of a joint Arab force in the emirate.

Campaign to impeach Premadasa launched

A CAMPAIGN to impeach Sri Lankan President Ranasinghe Premadasa on grounds of alleged abuse of power, corruption and illegal family deals has been launched by members of parliament said to include senior members of his ruling United National party (UNP), Agencies report from Colombo.

It emerged yesterday that a petition citing 24 charges was submitted on Tuesday to Mr Haniffa Mohamed, the speaker. The petition was signed by about 120 opposition and government members of parliament, and amounts to the most serious challenge to Mr Premadasa's 32-month-old rule. The UNP controls 125 of the 225 seats.

The main opposition Sri Lanka Freedom Party said more than 45 government MPs had signed the petition, adding that it had the required 50 per cent under the constitution to proceed.

In a televised speech Mr Premadasa said: "I do not think I have done any of these things," adding: "I will continue my work till the last minute. None of these things is going to excite me. I am a seasoned politician."

A spokesman said the cabinet was unanimous in supporting Mr Premadasa.

The Freedom Party had planned the petition to prevent the government from holding a snap election, the state-owned Daily News said.

Supporters of Libyan leader Muammar Gadaffi celebrate the inauguration of the "great man-made river" project designed to transport water from the south of the country to the north

Lebanese general flees Beirut for exile in France

By Lara Marlowe in Beirut

GENERAL Michel Aoun, the Lebanese Christian Maronite leader whose east Beirut government ruled for two years until last October, left the French ambassador's residence in Beirut at dawn yesterday en route for political asylum in France, ending a political wrangle between French and Lebanese officials.

The general's departure was made possible when the Lebanese parliament voted a law granting general amnesty for war crimes earlier this week. The decree stipulates that Gen Aoun and his two colleagues, Gen Issam Abu Jamra and Gen Edgar Maalouf, should live abroad for at least five years and would lose their immunity if they engage in political activity during this time. More than \$30m (£18m) held by Gen Aoun in European bank accounts will be frozen pending a negotiated settlement.

He left on a French naval vessel waiting at the port in Dbaye which Gen Aoun constructed in 1989 to enable him to receive weapons shipments from Iraq.

Gen Aoun fled to the French embassy compound last October when his bunker at Baabda was bombed by Syrian aircraft. A virtual siege of the French ambassador's residence ensued. The government of Lebanese President Hrawi said it would try Gen Aoun for war crimes and embezzlement of public funds. But French President François Mitterrand said it was "a matter of honour" that Gen Aoun be granted free passage to France.

About 3,000 Lebanese were killed in two unsuccessful wars launched by Gen Aoun against Syrian troops in Lebanon in 1989 and against the Christian Phalange militia in 1990. Yet despite the suffering he brought them, a substantial proportion of Lebanese Maronites continue to support the 55-year-old general who promised to "liberate" them from Syria.

The resolution of Gen Aoun's status can only improve Franco-Lebanese relations. Paris released \$45m in frozen economic aid this month.

Violent protests in Nigeria

By William Keeling

VIOLENT protests have occurred in Nigeria following the military government's decision on Tuesday to create nine new states.

The timetable for a return to democracy has also been thrown into doubt, with civilian politicians calling for the postponement of next week's party primaries to select candidates for state govenorship elections due in December.

In Hadeija in the northern state of Kano, police intervened with teargas against a crowd angry that a separate state had not been created for the region. A similar incident occurred at Gusau in Sokoto state, also in the predominantly Moslem north.

Tension is also reported to be high in the oil-producing city of Warri, south-eastern Nigeria, whose residents are aggrieved at the siting of the new Delta state capital in Asaba.

Japanese output up

JAPAN'S industrial production in July increased a preliminary 3.0 per cent from the previous month and was up 2.4 per cent from a year earlier, according to the Ministry of International Trade and Industry, Reuter reports from Tokyo.

Sihanouk optimistic on peace

CAMBODIAN peace talks ended yesterday with only the question of the post-war electoral system undecided, according to Prince Norodom Sihanouk, chairman of the meeting between the Phnom Penh government of Mr Hun Sen and the three-faction guerrilla alliance, Reuter reports from Pattaya, Thailand.

The former monarch added: "Otherwise we have reached the stage of a comprehensive settlement."

The radical Khmer Rouge guerrillas put aside their demand that government police be included in the demobilisation and disarming accord reached on Tuesday, he said. The government had dropped its insistence on guarantees against "genocide" being included in the draft accord - a reminder of the Khmer Rouge's brutal 1975-79 rule.

The two sides agreed the United Nations should supervise elections but Mr Hun Sen wanted a "first past the post" system while the Khmer People's National Liberation Front, a US-backed guerrilla group, wanted proportional representation.

The supreme national council bringing together the government and guerrillas will meet again in Pattaya in October, Prince Sihanouk said.

Boom times catch up with Japanese bank

Industrial Bank of Japan penitent over Y100bn loans to Osaka restaurant owner. Stefan Wagstyl reports

MR Yoh Kurosawa, president of Industrial Bank of Japan and a doyen of international banking, has always been glad to expound his bank's role in global finance. Now he was due to give testimony of a different kind and explain to parliament how Japan's most august financial institution came to lend more than Y100bn (£437m) to a 61-year-old former waitress and restaurateuse.

The affair is one of the most surprising to surface from the scandals which have engulfed the financial community. IBJ seemed scandal-proof. With a tradition of ties to government and blue-chip groups, the bank portrayed itself as a national institution, dedicated as much to public service as to profit.

But the case has revealed that in the headlong expansion of Japan's markets in the 1980s and the intense competition prompted by deregulation, IBJ was as greedy for profit as the next bank. The bank realised that the glories of its post-war past could not alone guarantee its future.

Full details of the affair are probably known only to Ms Onoue, now under arrest in Osaka for allegedly using forged documents to procure loans. She is on the verge of bankruptcy with debts of Y410bn accumulated largely in funding securities investments.

Ms Onoue when a waitress became popular with wealthy customers, one of whom helped her start two restaurants in Osaka's nightlife district. She invested in stocks and attracted hordes of Osaka brokers, sometimes inviting them to join mystical rituals to divine investment advice. Her contacts with IBJ began in 1987, when she bought the bank's debentures.

As Ms Onoue's investments mushroomed so did her borrowings – hitting Y500bn, including an estimated peak of Y187bn from IBJ and its affiliates. Following last year's plunge in shares, IBJ and other big banks cut their loans. Ms Onoue grew desperate and turned to smaller financial institutions. According to police case, she persuaded Mr Tomomi Maekawa, an official at Toyo Shinkin Bank, a small local bank, to forge deposit certificates worth Y342bn for use as collateral to other lenders. Mr Maekawa is also now under arrest.

IBJ was not quick to sever its links with Ms Onoue. According to Japanese newspapers, the bank's Osaka branch assured a would-be lender about her standing and helped her buy the building which houses her main restaurant. IBJ unwittingly accepted some of the forged deposit certificates as collateral.

As one Japanese banker said: "If Toyo Shinkin lends money on IBJ collateral that's understandable. But why did this world-famous bank lend money on the strength of Toyo Shinkin collateral? It's amazing."

Mr Kurosawa has admitted that IBJ's headquarters knew of the loans to Ms Onoue. According to Japanese reporters, he once dined with his wife at Ms Onoue's restaurant.

IBJ followed other banks into the middle market

IBJ has cut its loans to a manageable Y20bn, according to the ministry of finance. But the total cost of the affair will be greater – not least because it has been forced by the ministry to join a rescue of Toyo Shinkin.

No explanation has yet emerged why IBJ lent so much to an individual. Perhaps it was because Ms Onoue was a keen buyer of bank shares and was once the biggest individual holder of stock in IBJ. Also, it may be that, given the size of her portfolio, Ms Onoue was a proxy for other more powerful investors.

The affair raises grave questions about IBJ's policies in the late 1980s

For most of the post-war era, IBJ was content to deal mainly with large industrial companies. But in the last decade these groups have taken to raising funds on the securities markets. IBJ responded by developing a large international securities operation in London. It also lobbied hard for the easing of restrictions on the entry of banks into Tokyo's securities markets.

But it could not afford to see its basic banking business fade. So, despite its up-market image, it followed other banks into the middle market. This inevitably sucked IBJ into increasing lending to the fastest-growing markets – stock and property investment.

It also meant seeking business far from its home base in central Tokyo, including in Osaka, Japan's second-largest city. It was not alone – Fuji Bank, a leading Tokyo-based bank, also expanded in Osaka and also ended up with some very doubtful Osaka loans. These moves were to some extent defensive – counter-attacks to the rapid advances which Sumitomo Bank, Osaka's top bank, had made in Tokyo. "In a sense, Fuji and Sumitomo fought a war and IBJ didn't want to be left behind," says a Japanese banker.

The banks have now declared a truce in the face of the combined impact of the scandals, the end of the stock and property booms, and curbs on lending caused by the need to comply with international capital adequacy standards.

So far, IBJ has come out of the battle with fewer publicly declared problem loans than some of its rivals. Also, unlike Fuji and Sumitomo it has manage to avoid allegations of direct involvement of its own staff in illegal schemes. It last week lost its prized AAA credit rating from Moody's, the US agency, but was the last Japanese commercial bank to be downgraded.

But it will be a long time before it recovers its reputation. Mr Kurosawa yesterday visited Mr Ryutaro Hashimoto, the finance minister, to apologise. He can expect to say sorry a lot more before this affair is over.

WORLD TRADE NEWS

IBM and Mitsubishi to test Indian proposals for foreign investment

By David Housego in New Delhi

IBM of the US and Mitsubishi of Japan are expected to be the first two multinationals to test the new machinery set up by the Indian government to process foreign investment proposals.

IBM, the US computer group, which quit India in the 1970s after refusing to dilute the equity of its wholly-owned Indian subsidiary, is to set up a joint venture with Tatas, the Indian conglomerate.

The new company, in which IBM and Tatas will each hold 50 per cent of the equity, will manufacture microcomputer systems, PCs and export software.

The IBM proposal, along with with another joint venture proposal by Mitsubishi, the Japanese vehicle and engineering group, will be the first projects to be taken up by a new high-level foreign investment committee set up to accelerate clearance of major investment proposals by large multi-nationals.

The government's aim is to attract several prestigious investments by multinationals as a way of enhancing the credibility of new economic reforms aimed at opening up the economy.

IBM and Tatas will initially invest Rs 850m (£25m) to establish manufacturing facilities – probably on a site close to Delhi. IBM intends to export about Rs 1.5bn of software development from India over five years through a satellite link-up.

Several other US electronics groups – including Texas Instruments, Hewlett Packard, and Digital Equipment (DEC) – are already taking advantage of India's low cost software engineering skills to export software development. Tatas, which will hold its equity stake in the new venture through its Tata Industries subsidiary, already has a tie-up over software with Unisys.

In the initial stages of the project, about 40 per cent of the components will be imported. But IBM also hopes to build India into its world-wide components sourcing network once quality has been assured.

Even though IBM closed its Indian subsidiary, it has maintained sales of mainframe computers and software to the country. IBMs return now is seen as a strategic decision to gain a further foothold in what is seen as a potentially large market in the long term. It also seems to reflect the pressure of expatriate Indians in the US corporation who believed the group should strengthen its links with the country.

ICI to build £6m plastics plant in Japan

By Charles Leadbeater, Industrial Editor

ICI, the British chemical combine, yesterday moved to strengthen its presence in the Japanese market by announcing plans to build a £6m acrylics composites plant at Tamatsukuri, north of Tokyo.

The investment reflects the priority ICI is attaching to expanding its businesses in fast-growing Far Eastern markets such as Japan.

The acrylics plant, which will have a capacity of 10,000 tonnes a year, will occupy a 18-hectare site.

The acrylics facility will serve the fast-growing market for bathroom and kitchen equipment, which has been fuelled by increasing spending on housing and apartment building.

Colombia speeds up tariff cuts and trade liberalisation laws

By Sarita Kendall in Bogota

COLOMBIA'S decision to speed up trade liberalisation and cut tariffs is designed to stimulate imports and check the inflationary effect of growing foreign reserves.

In dropping its gradualist approach towards opening up the economy, the government has drawn criticism from industrialists but most business groups approve the change in timetable.

Import tariffs on raw materials and intermediate and capital goods not produced in Colombia are being scrapped altogether. Cigarettes, spirits and other items often smuggled into the country, will not carry any duty either. However, all imports are subject to a special 8 per cent tax (reduced from 10 per cent) which helps finance state institutions, including the export promotion fund.

The tariff level for consumer goods will be 15 per cent, while other goods produced in Colombia (apart from vehicles) will be levied at 5 per cent and 10 per cent. Overall, the average tariff, including the 8 per cent tax, falls from 14.7 per cent to 14.8 per cent.

The new tariff levels were to have been introduced in 1994 but an unstoppable inflow of dollars, combined with a large trade surplus, had taken reserves to \$5.4bn, undermining the government's anti-inflation measures. Imports, which fell by 11 per cent in the first half of the year, are now expected to rise by 23 per cent in 1992 and, it is hoped, the foreign competition will help dampen domestic price increases.

Non-traditional exports have been growing faster than expected despite lower devaluation this year. Now the government is to increase the devaluation rate, using this as the main tool to ensure competitive exports and thus avoiding controversial subsidies.

Tax changes are planned to offset the drop in fiscal income derived from imports.

Colombia's active role in regional trade negotiations with the Group of 3 (Mexico and Venezuela are the other members) and the Andean Pact have undoubtedly influenced the decision to lower tariffs sooner than expected.

Fujitsu in \$40.2m US start-up venture

By Louise Kehoe in San Francisco

FUJITSU of Japan, in a bid to challenge International Business Machines for leadership in the world computer market, has invested \$40.2m (£23.9m) in a promising California start-up company that aims to build computers that outperform IBM mainframes.

Hal Computer Systems, of Campbell, California, was founded last year by a former high-ranking IBM engineer. The company is developing computers based upon Sun Microsystems' SPARC microprocessors.

Fujitsu is one of half a dozen chip makers licensed by Sun to build SPARC chips. Fujitsu's investment in Hal represents the Japanese company's latest move to broaden its access to western computer markets through acquisitions. Fujitsu has acquired a majority stake in Britain's ICL and Nokia Data of Finland as well as expanding its stakes in several smaller companies in the US.

It also holds a 44 per cent share in Amdahl, the leading manufacturer of IBM-compatible mainframe computers.

With its investment, Fujitsu acquired a 44 per cent stake in Hal, with the rest of the stock owned by Hal employees. Hal will gain access to a broad range of Fujitsu resources, including advanced semiconductor processing, extensive patent portfolio, systems engineering and its distribution channels, the companies said. Fujitsu will win rights to the advanced systems technology that Hal aims to develop.

Hal is developing high-performance computers for use in transaction processing applications such as airline reservation systems and banking.

Rising European demand fills Suez oil pipeline

Sumed has overtaken the canal, and switched its strategy to marketing, reports Max Rodenbeck

SUMED, Egypt's Suez-Mediterranean pipeline, has after 14 years replaced the Suez Canal as the main crude oil transit link from the Gulf to the Mediterranean Anticipating a rise in European demand, the facility's owner, the Arab Petroleum Pipelines (Sumed), believes the time has come to expand and shift its focus to marketing.

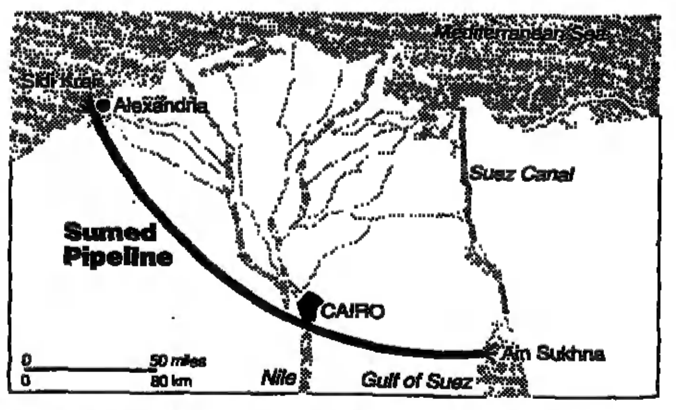
In the next few years a \$120m (£71m) investment programme will raise throughput capacity by 50 per cent to 120m tonnes a year (2.4m barrels/day). Contracts for building new loading and unloading buoys, gas turbine booster pumps and other equipment should be awarded by the end of September.

Sumed's current capacity of 80m tonnes a year is roughly double the quantity of oil passing through the Suez Canal.

Longer-term plans to raise the storage capacity to 4.2m tonnes (29.5m barrels) are intended to promote the Mediterranean terminus at Sidi Kreir near Alexandria, as the main crude source for southern Europe.

Sumed's growth strategy is based on past success. Some 60 per cent of Europe's oil imports from the Gulf now passes through the 350-km pipeline, which normally works at around 90 per cent of capacity, company officials say. In the past year, because of the increase in competing tanker fees due to the Gulf crisis, throughput was over 100 per cent of theoretical capacity.

War in the Gulf has brought other rewards. Arab Petroleum Pipelines is half owned by the Egyptian government through its Egyptian General Petroleum Company. The remaining shares are held by state oil interests in Saudi Arabia, Kuwait, Abu Dhabi and Qatar. Regional instability has underlined the advantages to these Gulf producers of storing more oil closer to their markets.



Noting that the Gulf trend in the 1980s towards greater national control of oil production had already raised awareness of competitive factors downstream, Mr Ibrahim Hamza, Sumed's chairman, says the pipeline has changed its strategy from transport to marketing. "Sumed is now a marketing tool for the producing countries," he says. "Iranian, Saudi and other crudes are now declared fob [free on board] at Sidi Kreir."

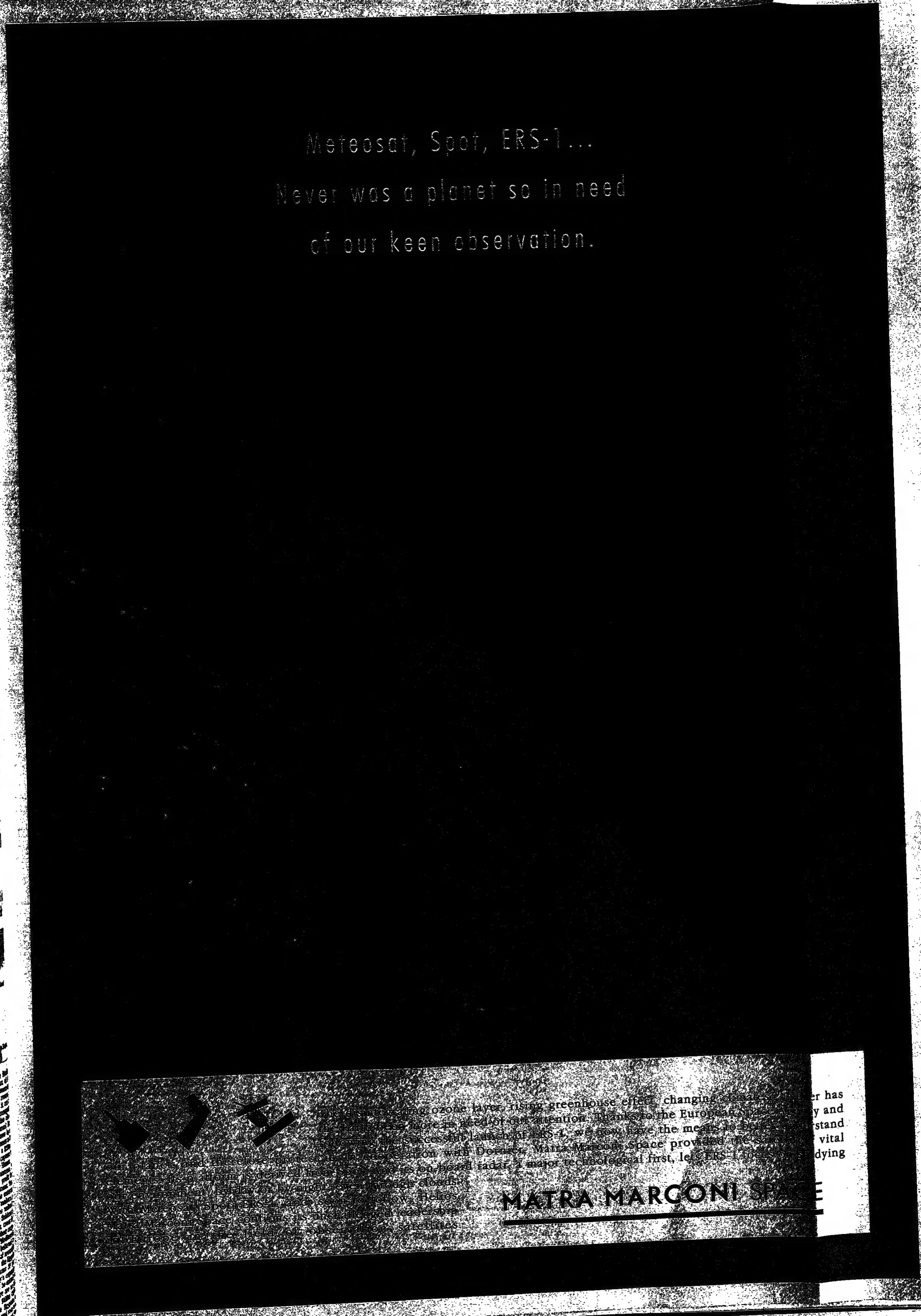
Mr Gamal Ashmawi, Sumed's marketing director, says that with its increased capacity the pipeline will be poised to put them in a commanding position in the Mediterranean market, which accounts for 40 per cent of Europe's oil consumption.

Company officials point out other advantages. With 30 100,000-tonne storage tanks in operation and 12 more planned, Sumed has the flexibility to supply any mix of Arabian crude that customers require.

This is one reason Sumed feels confident it can compete with other oil transport routes. But officials also cite predictions that annual European demand will grow by a maximum of 40m tonnes in the next decade. "With a \$120m investment we can capture most of that," says Mr Hamza.

In the meantime, Sumed makes a tidy profit from the canal's limitations. Too big to go through the waterway fully laden, some tankers of over 150,000 tonnes unload at the pipeline's Ain Sukhna terminal south of Suez, cross the canal and retrieve their cargo at Sidi Kreir on the Mediterranean.

Sumed is believed to earn gross profits of around \$200m a year. Of this, the Egyptian government claims 28 per cent. The company's expansion programme will be entirely self-financed. There are no plans to increase its \$400m capital. In addition, the Egyptian parliament is expected soon to pass a bill which will extend Sumed's operating mandate to 2028.


Meteosat, Spot, ERS-1...
Never was a planet so in need
of our keen observation.
MATRA MARCONI SPACE

AMERICAN NEWS

Collor squeezes credit in attempt to curb inflation

By Christina Lamb in Rio de Janeiro

THE Brazilian government is resorting to a drastic credit squeeze as its latest weapon against inflation, amid mounting fears that the government will introduce another economic shock plan.

The central bank has raised interest rates on 30-day certificates of deposit to the equivalent of 820 per cent a year in a move aimed at stemming consumption and preventing inflation continuing its upward spiral beyond this month's predicted 15 per cent.

However, hopes of containing inflation through tight monetary policy were undermined on Wednesday night by a defeat in Congress of the government's seventh wage policy in 14 months. As a result of the vote the minimum wage has been doubled and salaries of up to $750 (£446) a month will be once more indexed to monthly inflation, a move the government's economic team believes could jeopardise all its efforts to control inflation.

The reintroduction of high interest rates is being interpreted as a signal that inflation is already out of hand. The high rates are likely to take a heavy toll on industry, which is only just recovering from last year's 6.8 per cent contraction in gross domestic product. Last year's tight control on monetary supply put many companies out of business but was undermined by the free spending of Brazil's 27 states and this year control has been relaxed until now.

Mr Pedro Bodin, director of monetary policy at the central bank, insisted high rates would continue as a temporary inflationary control until the government managed to push through fiscal reform, cutting expenses and increasing revenue to avoid a projected 2 per cent Treasury deficit this year.

To achieve its fiscal reforms President Fernando Collor has proposed an overhaul of the constitution, which enshrines job guarantees for state employees. He is currently negotiating with state governors on the issue, offering to roll over their state debts in return for support. But even government members admit that the crucial amendments have no chance of passing through congress, where the president has little support.

Fears are now mounting of a new austerity package and price freeze as the only way to curtail inflation. Last week for the first time Mr Marcilio Marques Moreira, economy minister, said there might have to be a shock plan if inflation reached 20 per cent a month. It would be the third such plan since President Collor took office in March last year.

Fall in US personal incomes

By George Graham in Washington

US PERSONAL incomes fell 0.1 per cent last month, the first decline for five months, but consumer spending continued to increase, rising by 0.4 per cent.

This led to a compression of personal savings as a proportion of disposable income to 3.7 per cent from 4.1 per cent in June.

The figures, announced yesterday by the Commerce Department, dampened some economists' fears that consumer spending might not be able to continue to sustain economic activity this quarter. Economists had predicted a sharper reduction in the savings rate, which they had expected to lead to a pinch on consumer spending.

Substantial revisions to previously published statistics, now make this pinch seem less likely, some economists said yesterday. However, the July decline in personal incomes also raises doubts about whether consumer spending will be strong enough to sustain an economic recovery through the second half.

New house sales dropped by 8.5 per cent in July to a seasonally adjusted annual rate of 472,000 homes. Without seasonal adjustments, house sales in the first seven months of the year totalled 305,000, 13 per cent below the same period of 1990.

Mr Charles Keating arrives in court in Los Angeles, where he faces fraud charges in connection with the collapse of the Lincoln Savings and Loan, which he headed. Lincoln failed in April 1989, costing taxpayers a record $2.6bn (£1.54bn) for the bailout, AP reports from Los Angeles.

In the trial, which began on Wednesday, Mr Keating is charged with 20 counts of deceiving Lincoln investors about the safety of junk bonds issued by another of his companies, American Continental, to finance Lincoln's investments. The maximum sentence is 10 years in prison.

The defence has countered that Mr Keating obeyed all laws regarding the bond sales. His lavish lifestyle, high-level political access and Lincoln's problems have come to symbolise the savings and loan debacle for many Americans.

Brazil city in vanguard of fight against pollution

WHILE their contemporaries around the world are learning times tables, the children of the southern Brazilian city of Curitiba are more concerned with ecological sums. One of these – "50kg of paper equals one tree" – is painted on road signs throughout the city, mystifying passing motorists.

Curitiba's children form the vanguard of a remarkable movement which has transformed the city into a showcase of urban planning and a rare ecological success story in a country more often regarded as an environmental pariah.

As worldwide attention focuses on the disappearing Amazonian rainforest and its threatened Indian tribes, Mr Jaime Lerner, the ruddy-faced mayor of Curitiba, is quietly saving 1,200 trees a day through the city's recycling scheme.

Delegations from Europe, Japan and the US travel to Curitiba to see Mr Lerner's innovations in collective transport and environmental protection. His achievements over the last two decades, despite a tripling of the city's population, prove that an increase in urban growth need not spell disaster.

Mr Lerner's aim is to create a "rechargeable city". He explains: "A society which doesn't recycle doesn't preserve itself."

In Curitiba worn-out buses become creches and skill centres, the old gunpowder depot is now a theatre, a military emplacement is a cultural centre, and dust from construction sites is used in road building.

Mr Lerner's mission began in 1962 when as a student he led a successful campaign to stop the bulldozing of Curitiba's historic centre. Elected mayor in 1971 he founded a town planning institute and set about transforming the city.

Initially his schemes, such as pedestrianising the shopping area, aroused great opposition. Now in his third term in office, Mr Lerner's ideas are so popular that a recent poll found a remarkable 99 per cent of the city's inhabitants would not want to live anywhere else.

His two main preoccupations are public transport and conservation: "Some 80 or 90 per cent of global environment problems originate in local problems – how people live and how they travel."

The crux of his success is the development of a public transport system so effective that in 20 years it has gone from serving 25,000 passengers a day to 1.3m. "As the city expanded we had two choices to reduce congestion – build ugly and polluting flyovers or improve buses so people would leave cars at home."

The mayor of Curitiba is quietly saving 1,200 trees a day in a recycling scheme, writes Christina Lamb

Now more than three quarters of the city's population catch special fast buses to the centre, which travel in separate lanes for increased speed. Capacity has been augmented by using articulated buses and introducing metro-type platforms so passengers buy tickets from machines on platforms and board at the same level, almost halving journey times. As with a metro, only one ticket is required even if a journey involves changes.

The emphasis on public transport has not only spared Curitiba from flyovers but the fuel saving and reduced pollution has brought international awards. The World Bank uses Curitiba as an example of a city which has carried out a successful transport revolution.

Other environmental protection measures include a limit on the heights of buildings, and the construction of an industrial park outside the city in which no polluting industry is allowed.

Believing children to be his best allies in his fight to save the environment, Mr Lerner made sure ecology was introduced on the school curriculum with as much weighting as Portuguese and maths. With their help two years ago he introduced a programme to make people separate their rubbish into different coloured sacks for recyclable and non-recyclable materials.

In slum areas where access for rubbish trucks was almost impossible collection points were set up where people could swap rubbish for bus tickets.

"Everyone thought I was mad," admits Mr Lerner. But now alone among Brazilian cities Curitiba's streets are litter-free and almost all its recyclable rubbish is separated. Children act as patrollers to ensure rubbish is thrown in the correct coloured bin.

Mr Lerner won a UN Environment Prize for his efforts: "We're saving 1,200 trees a day – that's six woods," he claims. His enthusiasm rising, he whips out a calculator and exclaims: "Imagine if the whole of Brazil did this with an urban population 60 times greater than Curitiba – that's 360 woods a day!"

He has asked President Fernando Collor if he could take a town-planning team round the country advising other cities on "how to dominate urban growth".

He becomes furious at suggestions that Curitiba, with its relatively cool climate and high percentage of European immigrants, is a special case. "That drives me mad. People talk as if we're in Switzerland. We're not. We have the same poverty index as any Brazilian city. But we're getting better while the rest of Brazil gets worse."

Mr Lerner is eager to show off his urban showcase at next year's World Environment Conference, which Brazil is hosting: "Brazil is the target of criticism over the Amazon, so we should show we have local successes too. After all if a city of almost 2m people in the third world can do this, any city can."

Tories to conduct survey on election timing

THE Conservative Party has commissioned an intensive round of opinion polling before ruling out definitively the already slight possibility of a November general election writes Philip Stephens.

The polling, involving detailed surveys in Conservative-held marginal constituencies in the north and midlands of England, as well as nationwide sampling of the political mood, is scheduled for the next two weeks.

It will coincide with a formal re-opening of political hostilities between the Conservatives and Labour after a brief suspension in the wake of the Soviet crisis.

Yesterday Mr John MacGregor, leader of the House of Commons, sought to preempt a Labour attack on the government's economic policy by challenging the commitment of the opposition leader, Mr Neil Kinnock, to hold down inflation.

Mr Kinnock and Mr John Smith, the opposition's chief economic spokesman, will call today for an emergency package of measures to pull the economy from recession. Mr MacGregor however derided the lack of clear Labour anti-inflation strategy. Unless Mr Kinnock dropped his plans for "massive" increases in spending and taxation, "everything else will totally lack credibility", he said.

The Conservative opinion polling will give Mr Chris Patten, the party chairman, an exhaustive analysis of the strengths and weaknesses of the government's policies and presentation. It will also provide a guide to the issues that the Conservatives need to focus on during its October party conference.

Mr Patten remains convinced that the government should defer the election until next year in the expectation that economic recovery will greatly strengthen its support.

That view is shared by the majority of the Cabinet, with one senior minister commenting yesterday that he regarded the chances of a November poll as "less than 5 per cent".

Mr John Major, the prime minister, however, has appeared reluctant to rule out entirely the possibility in case there is an unexpected surge in support for the government in the approach to the party conferences. Some Tory MPs have been arguing that the prime minister's response to the Soviet crisis and his high profile on the international stage should give a boost to the Tories' standing with the voters.

There have also been signs that Tory support in marginal constituencies has been stronger than suggested by the national polls.

The prime minister, however, will be warned by cabinet colleagues that even if his role on the international stage produces a "halo" effect for the Tories, that could be quickly eroded in an election campaign fought on the economy, the health service and education.

Mr Patten believes that although the economic recovery will materialise during the second half of this year, the immediate prospect may be for a further wave of bankruptcies and further sharp increases in unemployment.

He signalled yesterday that the Tory strategy over the next few months will seek to capitalise on Mr Major's personal lead over Mr Kinnock in the opinion polls.

He indicated that the government's presentation of its economic policy would aim to strike a balance in the presentation of its economic policy between sympathy for those hit by the recession with a strong defence of the policy of defeating inflation.

Diabetics to seek claim on drugs' side-effects

By Robert Rice

SOLICITORS acting for more than 400 diabetics who allege they have suffered serious side-effects resulting from a change from animal to synthetic "human" insulin confirmed their intention yesterday to press ahead with a personal injury claim against two manufacturers of the drug, Eli Lilly and Novo Nordisk.

The action could eventually involve as many as 20,000 of Britain's 250,000 diabetics.

Insulin is needed to control sugar levels in the blood which is normally produced by the pancreas.

The diabetics allege that since swapping over to synthetic human insulin the early warning signs of hypoglycaemic attack caused by dangerously low blood sugar levels have been suppressed.

Novo Nordisk and Eli Lilly, the main producers of synthetic insulin, both deny any connection between synthetic insulin and the alleged side effects.

Directors are kept up to the mark

Michael Cassell on how business leaders can face disqualification

THE summonses issued this week against Sir Edward Du Cann and six other former directors of Homes Assured, the collapsed financial services company, form part of the government's continuing effort to ensure those who run British businesses are fit to do their job.

Since the Company Directors Disqualification Act of 1986 - passed in tandem with new laws overhauling insolvency laws basically unchanged since 1914 - more than 1,000 incompetent, dishonest or negligent people have been disqualified from occupying boardroom jobs.

At the end of June, a further 699 directors were awaiting court appearances.

A list of delinquent directors is held at Companies House and the annual rate of disqualifications has risen each year since the new legislation came into effect.

Directors can be disqualified for up to 15 years, although they are able to continue to trade without the benefit of limited liability.

There is a right of appeal but it was not until last autumn that a disqualification order was challenged. It resulted in a two-year reduction in the originally imposed ban.

The DTI sees court action not only as a way of protecting the public by removing unsuitable company directors but as an important deterrent to potential miscreants.

A typical case brought by the DTI might involve an insolvent company continuing to trade with no reasonable prospect of payment of creditors' claims, excessive remuneration and benefits for directors, breaches of the Companies Act, failure to keep proper accounts or transactions which favoured directors or close associates.

Last month, Mr John Redwood, the Minister for Corporate Affairs, said the courts and the public expected standards of conduct which demonstrated directors' willingness not only to adhere to their statutory obligations but also to act competently in the best interests of the company, its creditors and shareholders.

He warned that increased efficiency and improved case procedures for handling bankruptcy and company liquidations meant that official receivers could now spend more time investigating the affairs of failed companies and their directors.

There would, he insisted, be no let up.

The Act was introduced in an effort to kill off so-called "phoenix" companies, involving directors who sought receivership only to buy back their company's assets and restart, free of liability.

Grounds for action under the Act can be numerous. The majority of cases arise when a company has become insolvent.

They can also follow a major investigation by a DTI inspector into a company's affairs, though court proceedings in such circumstances do not necessarily follow.

ALTHOUGH a DTI report into the purchase of House of Fraser, for example, roundly denounced the behaviour of the Fayed brothers, who bought the stores group, the department did not seek their disqualification as directors.

The decision has been repeatedly challenged by Lonrho, the thwarted purchaser of House of Fraser, where Sir Edward was chairman until the DTI revealed it was planning entirely unconnected disqualification procedures against him.

When the case against Sir Edward and his former colleagues comes before the Chancery Division of the High Court - the first hearing has been pencilled in for November 14 - the insolvency service of the DTI will contend that their conduct makes them unfit to be concerned in the management of a company.

The action against the former directors of Homes Assured falls under Section 6 of the Company Directors Disqualification Act, which can be invoked following voluntary or compulsory liquidation. In the case of Homes Assured, a compulsory wind-up, the official receiver compiled a report on the circumstances surrounding the 1989 collapse and earlier this year submitted it to the disqualification unit of the DTI in London.

Sir Edward, who resigned as a non-executive director before the collapse, and the other former directors have already received from the DTI a "10-day" notice letter, informing them that summonses were about to be issued.

They are expected to be served in the next few days and Sir Edward has already said he intends to oppose the DTI action when it finally reaches court.

BRITAIN IN BRIEF

Brel axes 450 jobs in midlands

Brel, the railway rolling stock manufacturer privatised three years ago, announced that it was to cut another 450 jobs just seven months after shedding 1,200 employees. It blamed a shortfall in orders and a rationalisation programme aimed at making the company more competitive.

Nearly half the job losses will be at BREL's headquarters in Derby, where 124 white collar and 95 blue collar jobs will go. The rest - 63 white collar and 168 blue collar jobs - will be at Crewe. Meanwhile, British Rail is to axe its direct Inter-City link between London and Shrewsbury from next May. Passengers will have to change at Birmingham.

N Sea oil fields closed down

Two UK North Sea oil fields have been shut down because of a leaking pipeline. Platforms on the Balmoral field, which produces 32,000 barrels per day, and the adjacent Glamis field, which produces 11,000 barrels per day, were closed after the operators, Sun Company Incorporated detected seepage from Balmoral's export pipeline. The fields are expected to start up again tomorrow.

Homes needed to fill gap

About 500,000 homes will be needed over the next five years to fill the gap between projected housing need and provision, according to a report published by Shelter, the housing charity. It estimates that between 1,485,000 and 2,105,000 households in England will need a low cost home.

Leaders of the TUC, whose general secretary is Mr Norman Willis (pictured above), have given tacit support to a call for unions to boycott a government scheme to provide the unemployed with work experience writes Michael Smith. This may lead to government accusations of union irresponsibility and will increase the political controversy surrounding next week's annual TUC congress. The decision came as it emerged that at least two large unions are likely to back a motion calling for the repeal of all anti-union legislation.

New satellite product launch

Amstrad, the electronics group, is launching a range of satellite television products, including equipment to receive programmes broadcast in the proposed European standard for sharper television pictures.

The products, to be presented at a consumer electronics fair in Berlin, are part of its drive to capitalise on its success in the satellite market which has been doing well.

Bank note to be withdrawn

Blue £5 notes will cease to be legal tender after 29 November 1991, the Bank of England has announced, although it will continue to honour the notes, first issued in 1971 and withdrawn after the new design was introduced in June.

Credit card group cuts jobs

Around 200 jobs are to be cut at the UK's largest credit card processing operations owned by FDR, the card processing subsidiary of American Express, at Southend, Basildon, and Shoeburyness, in Essex. The cuts come two months after FDR purchased the processing operations from a consortium of large clearing banks for £146m.

Sex lines 'unacceptable'

Advertisements placed in national newspapers by 23 companies operating telephone sex lines have been judged "unacceptably offensive" by the Independent Committee for the Supervision of Standards of Telephone Information Services (ICSTIS).

BCCI SHUTDOWN

Writ for damages is filed against government in HK

By Angus Foster in Hong Kong

A DEPOSITOR in Bank of Credit and Commerce (Hong Kong) has filed a writ for damages against the colony's banking commissioner and attorney general. This is the first time a depositor in the closed bank has taken direct action against the government and other depositors may now follow suit.

The depositor's case will hinge on the government's decision to try and keep BCC (HK) open following the world-wide closure of the bank by regulators last month.

The writ shows depositors' mounting frustration that the government has failed to secure a buyer for the bank, which has not been linked with fraud elsewhere in the group. Earlier this week the provisional liquidator delayed winding up the bank for up to two months.

Winding-up may take years

DEPOSITORS with millions of dollars locked up in the Bank of Credit and Commerce Canada have been warned it may take up to five years to wind up the institution unless a buyer can be found quickly for the assets, writes Robert Gibbens in Montreal.

The Canadian arm of the BCCI was shut by federal regulators on July 5. It had assets of C$203m, including C$149m in outstanding loans and C$30m in Treasury bills. However, some loans were made to other BCCI units.

Mr Mel Zwaig, a partner in Arthur Hendersen, court-appointed provisional liquidator, told depositors and creditors in simultaneous meetings in Montreal, Toronto and Vancouver that only one potential buyer has come forward and signed a confidentiality agreement.

About 6,000 depositors have about C$100m frozen in BCCC, but only C$22.5m are covered by Canada Deposit Insurance.

Lloyd's Names face further losses

By Richard Lapper

WELL over a third of Lloyd's Names could lose more than £50,000 in 1991, according to a survey by Chatset, the independent group which analyses the results of the Lloyd's insurance market.

Chatset accused Lloyd's of London of "playing down" the scale of difficulties faced by Names, the individuals whose capital backs underwriting at the insurance market.

In July, Lloyd's said fewer than 1,000 Names had made losses of more than £50,000 in 1988. An overall loss for 1988 of £510m was announced in June. Lloyd's argued that the net pay-out by Names would amount to £300m, since Names can offset losses against tax.

Chatset, which published its annual statistical review of the market, Lloyd's League Tables, yesterday, said Names faced "more pain" next year.

Losses for the 1989 underwriting year, whose results are published in June next year, could amount to more than £1.3bn, £300m more than earlier estimates. This consists of £1bn, with reserves against future losses adding an estimated £300-400m extra to the bill. On the basis of an independent survey of 78 Names, Chatset says over a quarter could face losses of over £50,000 on 1988 alone.

Mr Charles Sturge, a co-author of the Chatset report, said 25.3 per cent of Names surveyed had incurred losses of over £50,000 on the results of the 1988 year. Chatset says that during 1991 Names had paid an additional £455m in cash calls for 1989 and 1990. Together with income tax paid on their US earnings of about £80m, Names' outgoings totalled over £1bn. After taking into account these amounts, Chatset says 38.5 per cent of its sample face losses of over £50,000.

The average loss making Name has written out a cheque for £27,000 this year.

Chatset admits that its figures do not include any provision for recoveries against UK income since "these are quite irrelevant, unless Lloyd's would like to give every Name a notional tax credit against their solvency deficiencies."

Commenting on the failure of Lloyd's to win tax relief for Names earlier this year, Chatset suggest Lloyd's should make "a categorical statement of the position of Names, instead of trying to paper over the cracks."

Training remains an Achilles heel

Peter Marsh reports on the findings of the latest OECD report

NEARLY one year after Britain joined the European exchange rate mechanism, its effects in changing attitudes to wage bargaining and inflation across the economy are already becoming clear, according to the Organisation for Economic Co-operation and Development.

In what amounts to its annual audit of the UK economy, the 24-nation organisation says "the settings of (UK) policy are now consistent with steady disinflation". That is largely a result of Britain's entry last October into the ERM, which by radically reducing the scope for any depreciation in sterling, is intended to damp cost increases across the economy.

There are signs, says the report, that workforces and managements are taking on board the implications of the new economic regime provided by the ERM. "Most recent wage settlements provide some....evidence of a change in attitudes," the report says.

The OECD dismisses notions that recent cuts in UK interest rates, which have fallen to 11 per cent from 15 per cent last October, could have been bigger but for Britain's ERM entry.

"The main constraint on lower UK interest rates is excessively high inflation, not membership of the ERM."

Although the study says that the UK's recovery from the year-long recession may be hesitant and relatively weak, it believes the UK economy is in a good position to capitalise on low inflation by expanding steadily during the 1990s.

But a major disadvantage is poor levels of skills and education compared with many other industrialised nations. The relatively low quality of managerial skills in the UK may be one of the reasons why many overseas companies in recent years have set up greenfield industrial operations in the UK, introducing their own senior management, rather than buy out existing British companies, according to the report.

The UK continues to suffer the effects of vocational and traing programmes being relatively underdeveloped in Britain "and directed at immediate job creation rather than the acquisition of basic skills"

The UK continues to suffer the effects of vocational and training programmes being relatively underdeveloped in Britain "and directed at immediate job creation rather than the acquisition of basic skills". The report also points out that government spending on projects to improve the labour market by giving people new skills "has been relatively low compared with other European countries" – although it has risen in recent years.

A priority, the study says, is to increase the number of school leavers with formal qualifications. While in west Germany, virtually all 17-year-olds attend educational establishments, the figure for Britain is less than 50 per cent.

A catch-up in vocational and technical education levels to those of the country's major competitors is "equally critical". Only 38 per cent of the UK industrial workforce have received formal skills-based training, compared with 67 per cent in Germany, 79 per cent in Italy and 80 per cent in France.

In the area of public spending, the study points out that recent UK government measures which have curbed the financial powers of local authorities "represent a swing towards centralisation, in marked contrast to trends in some other unified systems in OECD countries, where decentralisation has been encouraged to promote efficiency and responsiveness of government".

THE OECD hints that these moves towards centralisation have run counter to other efforts by the UK government to reshape public services such as health and education to reflect people's needs and increase efficiency.

It urges that more should be done "to improve the efficiency of (public sector services) through the separation of financing and the delivery of services, greater management autonomy and enhanced accountability."

Partly due to ERM entry, and also the effects of unemployment caused by the recession forcing workers to moderate demands over wage increases, the rate of rise in retail price inflation should fall to 4 per cent by the end of the year, according to the OECD.

Another factor which may have led to lower wage rises in the past year, according to the study, may have been the effects of the European Community's 1992 trade-liberalisation programme, which has led to a deeper realisation in UK industry that its own costs cannot be allowed to rise faster than those in companies in the rest of Europe.

Prospects for sustained levels of low inflation are good, although much will depend "on the speed and durability of the shift in private sector expectations and beahviour patterns (over pay)

The OECD believes prospects for sustained levels of low inflation are good, although it says much will depend "on the speed and durability of the shift in private sector expectations and behaviour patterns (over pay) .... as well as on the firmness of the (UK monetary) authorities' commitment to the new exchange rate regime".

Once underlying inflation is on a firmly downward path, the UK is advised that a move from its current ERM band, which limits currency movements to 6 per cent, to a 2.25 per cent narrow band would "further enhance" its credibility in fighting inflation.

BRITISH ASSOCIATION

Gene defects should not lead to discrimination

By Clive Cookson, Science Editor

A LEADING geneticist yesterday called for legislation to prevent insurance companies discriminating against known carriers of inherited disease.

Prof Bob Williamson of St Mary's Hospital Medical School, London, said at the British Association meeting that people should not suffer discrimination when seeking life insurance, if tests showed that they carried genetic defects.

He contrasted their situation with that of people whose lifestyle predisposed them to disease.

Rapid progress in identifying the specific genes responsible for human diseases means that insurers will soon have to decide how to treat those who are tested for them. The arguments are likely to be similar to those already put forward on the controversial issue of life insurance for people who have been tested for Aids.

Tests for single defective genes are already available andwithin a few years, tests will be developed to show people's predisposition to more complex diseases caused by a combination of genes and environmental factors, including heart disease and cancer.

Prof Williamson argued that people should be encouraged to take such tests, as long as they are accompanied by appropriate counselling, because they could then change their lifestyle to reduce the chance of the disease actually occuring. Discrimination against people who have particular genetic combinations would discourage testing.

Industry 'must take longer-term views'

INDUSTRY must look beyond the short-term financial figures and take into account "hidden values" when making investment decisions, Mr Robert Malpas, former managing director of BP, told the association writes Clive Cookson.

Discounted cash flow, the basis of all investment calculations, is the "enemy of strategy" if it ignores values which cannot be quantified at the time the investment is made, Mr Malpas said.

Mr Malpas, chairman of Cookson Group, said the most important hidden values were "options for the future," including unknown new business opportunities created by an investment.

Mr Malpas described an example from BP. The cost of building a modern computerised control room for the Grangemouth oil refinery in Stirlingshire in 1983 had been estimated at £23m. The real rate of return, based on conventional discounted cash flow, would be seven per cent well below BP's threshold for capital expenditure at the time.

BP's business managers opposed the investment, "taking the line that it could always be built at a later date. There seemed to be many more important projects with higher priority."

But senior managers eventually pushed the project through, "on the argument that the new control room would provide data of a quality not available before." This is what happened. The computer system, installed during the mid 1980s, led BP to identify a host of "highly profitable" opportunities to cut costs and create new products at Grangemouth. He pleaded with industry to invest more in technology: "Look beyond the immediate numbers when considering future investment. Only then will we create the climate of long-termism we all wish to have permeating all sectors of the economy."

Robert Malpas

Robots may take on roles in surgery

ROBOTS are moving on from their traditional industrial roles to new applications working with animals and people writes Clive Cookson.

"Surgery presents by far the most challenging field, with robots being required to provide assistance to surgeons in precision operations such as in brain surgery," Mr Koorosh Khadabandehloo, director of Bristol University's Advanced Manufacturing and Automation Research Centre, said.

The centre is developing an experimental robot to help surgeons carry out the delicate drilling operations required in ear surgery. It has been tested on cadavers

Safety concerns mean that "it may be several years before commercial systems become widely accepted in the medical community," Mr Khadabandehloo said.

Prof Michael Brady of Oxford University's robotics laboratory described other surgical robots. IBM researchers in the US have developed a system for inserting the metal pin used in hip surgery, while Dr Brian Davies and colleagues at Imperial College, London, have worked on a system for prostate surgery.

"It is very important to understand that this work is not intended to replace the surgeon," Prof Brady said. "The surgeon is there controlling the operation."

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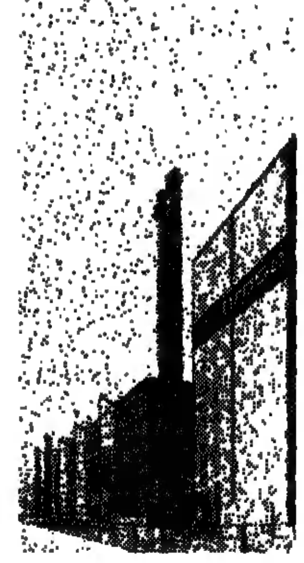

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ACCOUNTANCY COLUMN

Law of silence cloaks audits of failed companies

By David Waller

ONE of the problems for the auditor of failed companies is so-called "client confidentiality": the principle that under no circumstances should he talk about the affairs of a client. It is a legal obligation which means that the auditor has to keep his lips sealed even at times when it may be in his own interest to talk.

It must be frustrating for Ian Brindle, senior partner of Price Waterhouse and under normal circumstances a helpful, open, even outspoken sort of person, to have to keep quiet about his firm's audit of the collapsed Bank of Commerce and Credit International. But it is not only Mr Brindle who is suffering in silence.

The spotlight is soon to move back on to Mr Paul Hipps, senior partner of Stoy Hayward, the firm which was auditor to Polly Peck, the fruit, leisure and electronics concern which went into administration last October.

Towards the end of next month, the committee of Polly Peck's creditors will meet again to hear how the administrators are proceeding in their plans to realise value from what is left of the business.

The administrators, Mr Richard Stone and Mr Michael Jordan at Coopers & Lybrand Deloitte and Mr Christopher Morris at Touche Ross, have had full access to the Polly Peck audit working files. Creditors are very likely to ask the administrators whether they have any comment to make on the Stoy Hayward audit.

In November last year, shortly after administrators were appointed, Mr Hipps took the unusual step of speaking out about the audit.

In an interview published in the Financial Times dated November 22, he said that the firm had been a victim of the "expectation gap" between what the public expected of auditors and their role in reality.

Mr Hipps said that after an internal review he was satisfied that the audit of the company was carried out 'to the highest possible standard'. Answering specific criticisms about the way the company accounted for foreign currencies – its foreign exchange losses being taken against reserves rather than against profits – Mr Hipps was within the rules. He added that the policy had been reviewed and endorsed in 1988 by one of the then Big Eight accountancy firms.

The question of accounting for foreign currency translation is central to the discrepancy between cash flows and reported profits...Analysts have argued that Polly Peck's reported profits for the last five years as a listed company would have been wiped out had the translation losses been taken above the line rather than against reserves

The question of Polly Peck's accounting for foreign currency translation (under SSAP 20) is central to the discrepancy between cash flows and reported profits at Polly Peck. Some analysts – notably Gary Schieneman at Smith New Court in New York – have argued that Polly Peck's reported profits for the last five years of its existence as a listed company would have been wiped out had the translation losses been taken above the line rather than against reserves.

Mr Hipps did not disclose which of the big firms had endorsed the accounting treatment. The Accountancy Column can disclose, however, that it was Coopers & Lybrand. The firm will not comment in detail on this piece of work, although it acknowledges firstly that it did endorse the accounting treatment and secondly that it did other work for Polly Peck and for Mr Asil Nadir; for example, consultancy projects for the Polly Peck's Turkish businesses and personal tax work for Mr Nadir. It was because of potential conflicts of interests that Mr Morris was appointed as a third administrator.

The most serious questions are for Stoy Hayward to answer. Why in 1988 did the firm seek a "second opinion" from Coopers & Lybrand about Polly Peck's compliance with SSAP20? Did Stoy then have doubts as to whether the figures were "true and fair"? And there remains a question for Mr Hipps today: is he satisfied that, in retrospect, the latest set of accounts were "true and fair" – according to a layman's understanding of the words?

It is not known when Stoy first started to audit Polly Peck or any of the other Nadir companies out of which Polly Peck grew in the early Eighties. A small firm of Northern Cypriot chartered accountants – Erdal & Co – was responsible for auditing the Cyprus businesses. But one question which has never been answered is this one: Of the total profits, sales, and assets in the final set of accounts, what percentage was actually audited by a Stoys team?

In 1980 and 1981, Polly Peck shares rose dramatically following reports about the profits which were expected to flow from the packaging venture in Northern Cyprus.

At the time, a series of articles in The Observer provided damning evidence to suggest that the Cyprus businesses were not substantial enough to generate the level of anticipated profits. These articles helped create a climate of suspicion which led to the first collapse of investor confidence.

The cash-flow crisis which led to the appointment of administrators last autumn was in part caused by the transfer to Northern Cyprus of monies for investment in the leisure sector. According to Mr Morris, the total amount transferred to the Northern Cyprus businesses between September 1987 and the autumn of last year was as much as £300m.

Presumably at this time the bulk of Polly Peck's profits were audited not by Stoy but by Erdal.

Did Stoy take note of the press reports, and if so, did it take any extra steps to ensure that Erdal was doing an effective job? More generally, did the way in which Stoy checked the quality of the Erdal audit change over the years?

How many people worked on the audit and how much direct supervision of the Cyprus audit was there by Stoy partners and staff? Was it simply a matter of checking Erdal's working papers?

The cash-flow crisis which led to the appointment of administrators last autumn was in part caused by the transfer to Northern Cyprus of monies for investment in the leisure sector. According to Mr Morris, the total amount transferred to the Northern Cyprus businesses between September 1987 and autumn last year was as much as £300m.

The money is reported to have been transferred on the authority of Mr Nadir alone and could not be remitted back to the UK when the parent company encountered its liquidity problems. Was Stoy ever concerned that too much executive power was concentrated in the hands of Mr Nadir and furthermore that he personally was able to authorise capital investment projects running into hundreds of millions of pounds, without requiring the approval of the full board? Did Stoy at any time have any doubts about the cash held on deposit in Northern Cyprus?

Mr Hipps has gone "on record" to say that he is satisfied with his firm's audit of Polly Peck. Perhaps he has asked himself these very questions.

The problem for the rest of us is that we will never know the answers: Mr Hipps will not defend his firm's audit, except in the most general terms, for reasons of client confidentiality.

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EXECUTIVE SELECTION

Finance Manager

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Executive Selection Division
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Finance Director

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itsa

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[redacted] DATE : [redacted] SEPTEMBER [redacted]

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For a confidential discussion please call **Brian Cogent** or [redacted] **Wax** [redacted] **071-387** [redacted] (out of hours 0923 [redacted] or write to Financial [redacted] Services, Drayton House, [redacted] Street, London WC1H 0AN, quoting Ref: [redacted].

FINANCIAL SELECTION SERVICES

DRAYTON [redacted] STREET, LONDON WC1H [redacted]
TEL: 071-387 5400. [redacted] 0857

MANAGEMENT

While the recession has made victims of many companies, [redacted] the philosophical difficulties it has caused [redacted] trading company in the north [redacted] of England.

Traidcraft, based in Gateshead, was set up to provide "fair trade" with the Third World by selling goods bought at reasonable prices from co-operatives and other small producers in the less developed world. It believes suppliers should offer reasonable pay and conditions [redacted] employees, and work [redacted] a way which is sensitive to the local environment.

The company sells other items which are in some [redacted] "alternative", such [redacted] recycled [redacted] products, while managing the mail-order operations for organisations including Greenpeace, Amnesty International and New Internationalist.

It [redacted] structured somewhat unusually. The company has launched [redacted] during the 1980s, which [redacted] sold [redacted] people committed [redacted] Traidcraft's aims. None carries voting rights, and the company has always warned [redacted] there [redacted] little prospect for dividends [redacted] capital growth in [redacted] value.

Smiling photographs of [redacted] 120 staff – most of them Christians – greet visitors to the headquarters. Nearly all the staff, including the senior [redacted] utives, [redacted] casually and work in pokey, humbly furnished rooms. Everyone [redacted] for a tea-break twice [redacted] day, for a meditation [redacted] on Mondays and [redacted] meeting [redacted] Thursday.

But the recent recession [redacted] this "progressive" image. Shareholders will be in for [redacted] surprise [redacted] the annual general meeting [redacted] month. In circumstances painfully familiar [redacted] many [redacted] run [redacted] ethical lines, the company [redacted] unveiled [redacted] for the financial year. The managing director [redacted] resigned "by mutual agreement" with the board. [redacted] have been made redundant, and a new management structure launched.

"Our financial performance [redacted] not [redacted] frightfully distinguished," [redacted] cedes Philip Angier, T-shirted finance director [redacted] acting managing director, [redacted] sandwich lunch in his small office.

Traidcraft [redacted] a pre-tax loss [redacted] £118,000 [redacted] turnover of £5.49m for [redacted] year ending March 1991, compared with [redacted] profit [redacted] turnover of [redacted] the previous 12 months. It managed [redacted] for [redacted] year [redacted] £57,000 only by selling a second warehouse [redacted] owned for [redacted]

"Our first reaction was [redacted] suffering because of [redacted] recession. Then it became clear sales [redacted] suffering because [redacted] products were [redacted] particularly successful, and there [redacted] no growth in [redacted] customer base," says Richard Evans, director of external affairs.

One of the main declines was in recycled paper, with turnover down 18 per [redacted] to £974,000 this year. [redacted] Trai[redacted] first launched the [redacted] –

Richard Evans (left) and Philip Angier: "Our financial performance [redacted] frightfully distinguished"

Why Traidcraft papered over its raison d'être

Andrew Jack reports on the consequences of recession on [redacted] company set up with the very best of intentions

which [redacted] toilet paper [redacted] nery – it [redacted] a trend-setting novelty. Now that high street [redacted] have begun [redacted] venture into the market, [redacted] hard to match the prices [redacted] its [redacted] label.

The [redacted] also [redacted] that "political solidarity" was [redacted] important [redacted] quality in support [redacted] its [redacted] sales, which [redacted] down [redacted] per [redacted] £401,000 [redacted] year. [redacted] sourced from Nicaragua, [redacted] relied [redacted] who supported the [redacted] government's programme [redacted] agrarian reform.

That demand [redacted] off [redacted] the election of [redacted] conservative Chamorro regime [redacted] year, even though Traidcraft [redacted] it [redacted] yet [redacted] evidence [redacted] reforms being [redacted] turned.

Traidcraft is committed [redacted] long-term links [redacted] producers, [redacted] ing [redacted] they should receive [redacted] price which [redacted] production costs. [redacted] result, while world [redacted] and other commodity prices have declined, [redacted] company has been [redacted] suit. The growing [redacted] price of [redacted] brands [redacted] others [redacted] the [redacted] of [redacted] custom.

Fair trade principles [redacted] apply to [redacted] clothing the company [redacted] with. While sales have been rising, margins [redacted] low and using small suppliers causes problems [redacted] faced by competi[redacted] The Bangladesh cyclone [redacted] deliveries, [redacted] consignment [redacted] Peruvian [redacted] destroyed in [redacted] fire on [redacted] bus on its way [redacted] Lima.

"There is a [redacted] of [redacted] tendency to say *this is* [redacted] *lot of effort for little return,* [redacted] why bother?" [redacted] "But [redacted] heart of Traidcraft's [redacted] they [redacted] a [redacted] product which [redacted] support."

The drop in demand for parts of the product [redacted] might suggest [redacted] willing [redacted] port fair trade – at least where it [redacted] paying [redacted] premium – [redacted] rated. [redacted] might [redacted] evidence from [redacted] issue [redacted] year. While the [redacted] previous [redacted] heavily oversubscribed, this [redacted] was only two-thirds [redacted] up.

Bill Angier [redacted] dampening [redacted] more a [redacted] of [redacted] downturn, [redacted] well as the growing number of alter[redacted] organisations offering invest[redacted] opportunities, [redacted] Centre for Alternative Technology in [redacted] Equally, [redacted] of [redacted] new [redacted] scribers did not previously hold shares, which [redacted] to [redacted] there is [redacted] steady flow of new people committed [redacted] company's ideals.

Overall, turnover [redacted] increased modestly despite [redacted] recession. [redacted] handicrafts [redacted] 20 per cent [redacted] Cards [redacted] calendars were up [redacted] per cent to £378,000. Mail-order contracts for other organisations increased 24 per cent to £345,000.

At [redacted] same time, however, overheads continued to rise more sharply. [redacted] result, [redacted] made 20 [redacted] redundant in July. It has embarked on a major reorganisation of management structure, switching from functional to product divisions.

Where there were previously managers for finance, sales, product development and operations, the same individuals are now responsible for food and beverages, cards and paper, gifts and housewares, fashions, and [redacted] Among [redacted] things, [redacted] will allow more [redacted] systems [redacted] set up [redacted] products. [redacted] greater emphasis [redacted] on marketing, including a commitment to hire [redacted] marketer as the new [redacted]

Traidcraft sells [redacted] its goods through [redacted] 2,000 [redacted] reps, and [redacted] is evenly [redacted] four shops and 80,000 people on its mail-order lists. But [redacted] products were marketed identically, with everything packaged together in spring [redacted] autumn catalogues [redacted] year.

"We were trying to sell everything in the same way," says [redacted] "Now we realise [redacted] different customers, [redacted] different [redacted] [redacted] shouldn't assume that just by sending everyone everything they will buy it." It plans [redacted] launch separate catalogues for different parts [redacted] the product range.

Traidcraft is talking [redacted] other changes [redacted] fundamentally, it is shifting [redacted] from its paramount emphasis [redacted] producers. Some prod[redacted] are likely [redacted] discontinued. Prices [redacted] may [redacted] reduced in line with world trends. It [redacted] plans [redacted] profits [redacted] payment of [redacted] regular dividend to [redacted]

[redacted] questioning [redacted] the previously sacrosanct principle [redacted] the [redacted] in salary between [redacted] low[redacted] paid employee should be no more than 2.75 times. The ownership structure [redacted] reviewed to allow voting [redacted] shareholders in place [redacted] existing paternalis[redacted] control through Traidcraft Exchange, [redacted] charity which currently holds all but [redacted] per cent of the votes.

"If we are [redacted] attempt [redacted] trade in an ethi[redacted] way, [redacted] have [redacted] responsibility to [redacted] well [redacted] producers," [redacted] Angier. "It [redacted] in their [redacted] consumers."

[redacted] changes [redacted] they [redacted] losing its way as an alternative trading com[redacted] Certainly [redacted] Adams, who founded the company in 1979 and now [redacted] New Consumer, [redacted] charity which conducts research [redacted] porate responsibility, [redacted] doubts.

He [redacted] attempting [redacted] and operate [redacted] business, [redacted] strength [redacted] in continuing [redacted] innovate. [redacted] recy[redacted] paper [redacted] main[redacted] market, Traidcraft [redacted] organic produce [redacted] support other causes [redacted] exploited [redacted] workers in the UK, *he says.* [redacted] argues [redacted] large number [redacted] untapped [redacted] remain willing [redacted] pre[redacted] prices [redacted] goods.

He [redacted] long-term [redacted] help [redacted] development [redacted] small-scale producers – something [redacted] competitors [redacted] – [redacted] Traidcraft's forté, [redacted] requires [redacted] justifies [redacted] support from government [redacted] bodies. [redacted] should not expect [redacted] aspect to [redacted] self-financing; Traidcraft's charitable [redacted] recently [redacted] matching grant [redacted] up to [redacted] four [redacted] from [redacted] government's Overseas Development Administration [redacted] help [redacted] provide technical [redacted] world enterprises.

Despite the doubts, [redacted] by going [redacted] restructuring plans, [redacted] expanding far beyond [redacted] existing [redacted] "We [redacted] from [redacted] turbulent adolescence into adulthood," [redacted] "And we have sharpened – [redacted] – our principles."

Canny Milanese stay put in August

Some profit from the Italian shutdown, reports **Haig Simonian**

The Milanese are a hardy lot. In August, apparently no o[redacted] suffers from toothache, sickness or domestic crises. On the third attempt [redacted] find [redacted] dentist, my [redacted] told [redacted] call [redacted] in [redacted] month. The [redacted] are full of [redacted] numbers to ring if a [redacted] bursts. Our postman seems only [redacted] other day.

Italy, like much of southern Europe, [redacted] in August. The [redacted] probably by [redacted] sea in [redacted] Remo; chances are the doctor, based in his holiday [redacted] in Cortina d'Ampezzo, is [redacted] rambling in [redacted] Dolomites; [redacted] plumber may have [redacted] to see his [redacted] in Sicily or Sardinia.

In our small [redacted] flats, [redacted] alone, but not quite [redacted] gotten. For despite [redacted] annual scare [redacted] in [redacted] press [redacted] services coming to [redacted] halt, Milan functions quite well.

True, [redacted] far [redacted] shops open. But for foreigners [redacted] to [redacted] supermarket rather than touring dozens of small family stores, [redacted] hardly [redacted]

All the [redacted] supermarkets remain [redacted] and some [redacted] introduce longer hours to profit from the captive demand. Regular Monday morning closing [redacted] suspended in [redacted] local supermarket; another stays open longer.

Admittedly, dry cleaners [redacted] finding, [redacted] the choice of restaurants is severely [redacted] particularly around [redacted] mid-month Ferragosto holiday [redacted] 15 August, when virtually everything [redacted] to a [redacted]

According [redacted] figures from [redacted] and one [redacted] country's fledgling consumers' organisations, only [redacted] per [redacted] food shops were [redacted] during on [redacted] August. That figure dropped [redacted] and restaurants [redacted] per [redacted] for non-food shops.

Their numbers [redacted] further by mid-month. Anyone in urgent [redacted] of [redacted] letting their fingers [redacted] walking through [redacted] yellow [redacted] an emergency service could find themselves facing [redacted] hefty L200,000 [redacted] call-out fee, specially hiked [redacted] August.

Factories [redacted] quiet, although short-time working means that Fiat's big car plants outside Turin [redacted] week before the traditional end-July deadline. Pirelli, Falck and the other [redacted] north Italian business are [redacted] silent.

But not all the big plants shut. *Maverick Olivetti* *traditionally* [redacted] its holidays in July.

Likewise some of the [redacted] tains of Italian industry [redacted] still [redacted] found in [redacted] office, rather than on board the yachts [redacted] many prefer. Enrico *Cuccia, the* [redacted] *honorary* president [redacted] Mediobanca, the highly-influential Milan merchant bank, is the [redacted] known example of [redacted] August worker.

Despite [redacted] Italians' [redacted] of doing things in droves, he, [redacted] many others, appreciates *August's potential* [redacted] *get* things done. August in Italy [redacted] time for clearing [redacted] desk or finally [redacted] grips with [redacted] longer-term projects which [redacted] been put [redacted] throughout the [redacted]

Driving in [redacted] city [redacted] a dream. A 30-minute journey from home to [redacted] office [redacted] denly [redacted] more than eight. Parking [redacted] find, [redacted] suddenly available by [redacted] acre. [redacted] parking wardens, [redacted] numerous in Milan, simply [redacted]

Even if most [redacted] and [redacted] are closed, there [redacted] entertainment. An [redacted] cinema in [redacted] grounds of a beautiful old church provides nightly movies. And Milan's council, [redacted] cri[redacted] in virtually [redacted] other respect, lays on [redacted] series of top-name concerts [redacted] ments in a park adjoining Milan's scaled-down version of the Arc de Triomphe.

But it is probably vets who are in the biggest demand. One of the less pleasant aspects of the August exodus concerns the hundreds of animals abandoned at home or in the street as their owners make off elsewhere. Despite regular publicity campaigns by the council, many Milanese apparently have yet to grasp the need to find a solution to the problem of their beloved *gatto* (cat) or *cane* (dog) when it is time for the annual *villegiatura* to the sea or the hills.

BUSINESSES FOR SALE

هكذا من الأصل

The past and presents of Japan

Patricia Morison looks at two complementary exhibitions in Glasgow

By the time the Japan Festival [redacted] of [redacted] next February, [redacted] Great [redacted] wedged in our heads. In 1853 Commodore Perry steamed into Edo Bay and in 1868, the restoration of the [redacted] ended the Shogunate's [redacted] rule. And so [redacted] Japanese oyster, rudely prised open by [redacted] Americans, embarked on its phenomenal learning [redacted]. Two complementary exhibi[redacted] in Glasgow this week [redacted] with [redacted] the fascinating debate between industrialisation and tradition in early modern Japan.

Art for Industry, at the Kelvingrove Museum and Art Gallery, sounds [redacted] little dreary but [redacted] quite literally about [redacted] being [redacted] for [redacted]ustrial expertise. In November [redacted] the Japanese government [redacted] the Glasgo[redacted] Museum 31 [redacted] packed with wares such as porcelain, paper, [redacted] and lacquer, costume accessories, musical instruments, furniture, and metalware. They [redacted] antiques [redacted] shiny new products [redacted] kind already being exported [redacted] Europe where Japanophilia [redacted] growing [redacted].

Not [redacted] 1,100 objects are in [redacted] exhibition, which [redacted] my mind is a [redacted]. [redacted] little of this ornate [redacted] style [redacted] long way, *and* [redacted] *too* many butterflies, blossoms, [redacted] whooping [redacted] much [redacted] and gold. The effect is reminiscent of the [redacted] of [redacted] expensive department [redacted] Ghastly [redacted] Taste teetering on the edge of kitsch.

However, [redacted] history [redacted] the [redacted] gift [redacted] interesting. From the [redacted] point of view, of [redacted] the point of it was the [redacted]. A Glaswegian [redacted] Robert [redacted] been appointed Professor of Engineering at the new Tokyo University and the gift was [redacted] idea. The Japanese had [redacted] good idea of what Scotland had [redacted] *earlier*. Glasgow had [redacted] the [redacted] had [redacted] many months in Europe examining its institutions and industries.

As Smith had hoped, Scottish companies responded with *industrial samples, bricks*, asbestos, sewing-cottons, Lucifer match-boxes and the like, to help Japan[redacted] engineering [redacted]. But the [redacted] was not wholly prosaic. [redacted] show [redacted] the Glasgow Corporation contributed 24 paintings, recently located by a Japanese scholar in [redacted] Tokyo's gloomy National [redacted]. Kelvingrove's [redacted] were relieved to [redacted] that [redacted] councillors [redacted] to [redacted] quantity rather than quality, sending landscapes after Claude and portraits after Watteau, with an early Victorian [redacted] Bonny Prince [redacted] with *kilt-wearing* [redacted] *supporters*. The exhibition runs until January 5 and is sponsored by Mitsubishi Electric UK. An upstairs gallery at Kelvingrove has an exhibition of woodblock prints, the much-loved *Ukiyoe* or "Floating World" *school* (until [redacted] 6).

The fascinating debate between industrialisation and tradition

Mingei. The Living Tradition in Japanese Arts is a ravishingly beautiful show [redacted] the Burrell Collection, sponsored by the Royal Bank [redacted]. *Mingei* [redacted] handicrafts or [redacted] art, but it [redacted] perhaps better [redacted] the Japanese word in [redacted] people's reactions [redacted] *craftware*. *In fact*, this is [redacted] of *objects* so simple [redacted] so eminently [redacted] that it could drive you insane with [redacted].

Is [redacted] who [redacted] not want the *little round-bellied* [redacted] cauldron? Or the kimonos of indigo [redacted] with their wonderfully bold [redacted] in sky blue? How [redacted] a dreary *hall* would [redacted] with [redacted] *stoneware jars* used for storing [redacted] lacquer bowls which, although they are patterned with red and gold, are done [redacted] economy using no pattern more *ornate* than the [redacted] of a leaf.

If you think "Conran" in [redacted] exhibition, that [redacted] do with [redacted] complex [redacted] of [redacted] particular late-20th Century notion [redacted] good taste, part Japa[redacted] and part Bauhaus. *Mingei* [redacted] a [redacted] *coined* by Yanagi [redacted] (1889-1961). In the 1920s a reaction [redacted] in among avant-garde circles [redacted] European [redacted] domin[redacted] and against mechanisation. Yanagi, *however*, was *heavily* influenced by early readings [redacted] Ruskin and William Morris (but [redacted] the socialism), by his response to the mysticism [redacted] Blake [redacted] Whitman, *as well as by Zen Buddhist concepts*.

Yanagi started [redacted] Japanese [redacted] and [redacted]ment, venerating the idea [redacted] the craftsman and [redacted] hand[redacted] product, cheap, [redacted] functional, and beautiful. Yanagi's [redacted] in the [redacted] the integrity of [redacted] people's [redacted] were [redacted], Bernard Leach, Hamada, and Kawai.

The exhibition [redacted] Yanagi's foundation, [redacted] Mingei-kan in Tokyo. This small museum was [redacted] in the 1930s and [redacted] is [redacted] place which exudes [redacted] atmosphere of *refinement and tranquillity*. The founder's son, Yanagi Sori, has designed this exhibition impeccably, and it is well suited by the predominantly [redacted] architecture [redacted] gallery. The exhibition [redacted] on [redacted] (late opening on Wednesdays until 9pm), [redacted] the Craft Council Gallery [redacted] London from [redacted] January 12.

Czech Philharmonic Orchestra

USHER HALL, [redacted]INBURGH

Czechoslovakia's [redacted] have invariably run [redacted] busy account [redacted] *their Western European counterparts*, now borrowing ideas, [redacted] paying [redacted] back with [redacted]. It [redacted] been [redacted] two-way [redacted] in music, well illustrated by the pair of contrasting [redacted] concert [redacted] Wednesday.

[redacted] *was* [redacted] *to introduce* [redacted] Philharmonic Orchestra, [redacted] mainstay of [redacted] festival's [redacted]cert schedule in the final week. [redacted] has [redacted] growing reputation [redacted] recordings. [redacted] live in [redacted] Usher Hall, [redacted] certainly made a distinctive sound, though [redacted] was due more [redacted] *balance* [redacted] the [redacted] *of* [redacted] *conductor* is difficult to say on [redacted] sin[redacted] hearing.

[redacted] *first* [redacted] three [redacted] the conductor [redacted] Charles [redacted]. From his [redacted] of Janáček [redacted] recordings the special orchestral sound [redacted] he [redacted] in [redacted] composer's music has become well known. It [redacted] the *Glagolitic Mass* which was on the programme *here*, and the *strange luminosity of the* score's textures brought out [redacted] in [redacted] alike, [redacted] playing was beautifully transparent.

[redacted] conductors [redacted] piece, [redacted] Rattle more assertively, Tennstedt *all* [redacted] activity. [redacted] the [redacted] expressive [redacted] Every phrase sang with emotion, making the performance easily the most moving *of the Mass* that I have heard. *The quartet* of Czech soloists, led by the soprano Zora Jehličková, was more than adequate. [redacted] Edinburgh Festival Chorus [redacted] with [redacted] attack. A shame, though, that they were forced to use a *feeble electronic organ*.

In the first half, Dvořák's Seventh Symphony had been just [redacted] uplifting. Mackerras is [redacted] heavyweight German traditionalist, [redacted] does [redacted] try [redacted] the symphony more [redacted] Brahms than [redacted] be; while [redacted] orchestra is [redacted] for *sprinting*, lean [redacted] *build*, reflexes quick in action. [redacted] other [redacted] concerts, today [redacted] Saturday, look worth *investigating*.

*

Each [redacted] Edinburgh, [redacted] prizes are awarded [redacted] the festival in each category. An [redacted] prize might seem more difficult to administer, but this [redacted] I have only once [redacted] an [redacted] with cheering [redacted] *stamping of* [redacted] *in* appreciation.

[redacted] reception [redacted] end of the first [redacted] by [redacted] Russian pianist, Tatyana Nikolayeva, [redacted] the Queen's Hall on Wednesday morning. [redacted] programme, split [redacted] recitals, consists of the [redacted] *Preludes* [redacted] *Fugues* by Shostakovich. This [redacted] *opus* was written for Nikolayeva [redacted] been [redacted] impressive calling-card [redacted] the Wigmore Hall, where [redacted] equal acclaim.

[redacted] is no need to [redacted] strengths [redacted] artistry. Suffice to say that this is music the pianist [redacted] known and [redacted] with [redacted] *part of her professional* life, [redacted] the [redacted] grasps [redacted] gritty, [redacted] pieces and [redacted] from [redacted] all [redacted] meaning [redacted] other recital [redacted] this morning. The [redacted] standing ovation [redacted] real possibility.

Richard Fairman

Romeo and Juliet

ROYAL SHAKESPEARE THEATRE, STRATFORD-UPON-AVON

Clare Holman and Michael Maloney

The Royal Shakespeare Company has staged *Romeo and Juliet* five times [redacted], each version [redacted] sombre than the one before. This latest [redacted]duction recognises that the [redacted] takes place, for the [redacted] part, at night and indoors; [redacted] the play's [redacted] point [redacted] an envi[redacted] for [redacted] *simply* by following [redacted] closely, and leaves [redacted]. The result [redacted] an intense and compelling [redacted].

[redacted] *Romeo* in [redacted] While [redacted] has more [redacted]merce with [redacted] *Sonnets* than [redacted] other drama, it [redacted] towards specific moments in the subsequent plays. The bachelor banter of Romeo and Mercutio beckons to Benedick (*Much Ado About Nothing*); the breathless, tender [redacted] are [redacted] by Ferdinand and Miranda (*The Tempest*), and the [redacted] murders [redacted] accidental *slaughters are* [redacted] *dry run* [redacted] *Hamlet*. But it [redacted] a verbal play, full [redacted] couplets, charged with puns and freighted with opposites; so [redacted] of love and hate [redacted] more keenly fought *or felt*.

[redacted] is [redacted] Leveaux' main [redacted] debut [redacted] director; it [redacted] for [redacted] such an open interpretation. It [redacted] gimmickry [redacted] *its forbears. Leveaux* rediscov[redacted] a play [redacted] incident, busy [redacted] various, [redacted]ing [redacted] believable. The production's [redacted] strength [redacted] play [redacted] the 31-year-old *Shakespeare* touched [redacted] love, adolescence, parents, suicide, [redacted] *claims of* [redacted] the devices and [redacted] of the [redacted]. Giving equal weight [redacted] each [redacted] in [redacted] robust if occasionally heavy performance.

The [redacted] the play's [redacted] Juliet's *line "all* [redacted] *will* [redacted] *in love* [redacted] *night*." Leveaux' designers Alison Chitty (set) and Jean Kalman (lighting) have [redacted] shadowy interior gallery [redacted] panelled [redacted] lit from above by [redacted] of sunlight which feel [redacted] into [redacted] gloom. Beyond the crepuscular chambers lies [redacted] *brightly lit* "public haunt of men", [redacted] daytime [redacted] for Verona's brawling families. As [redacted] tightens, [redacted] interior [redacted] away [redacted] become [redacted] public-private [redacted] Capulet [redacted].

[redacted] *design both imposes* [redacted] *and helps* [redacted] Maloney's [redacted] skulks in [redacted] shadows, [redacted] only [redacted] night, [redacted] by turns [redacted] essence [redacted] "drivelling love" and "violent delights." Oppo[redacted] him, [redacted] Jul[redacted] matches her performance exactly [redacted] the environment; [redacted] *be melancholy* [redacted] fresh, [redacted] and decisive; [redacted] performance. Around them, Mercutio (Tim McInnerny) [redacted] all fancy and [redacted]; he [redacted] up "Queen [redacted] kind [redacted] psychosis, and jokes his way [redacted] of life: "*you* [redacted] man."

[redacted] Montagues [redacted] Capulets [redacted] always been remarkable [redacted] their vigour; [redacted] the [redacted] forever cajoling and bickering. Jonathan [redacted] Capu[redacted] *forceful* enough to [redacted] Tybalt. [redacted] he [redacted] human frailty in [redacted] shiver as [redacted] stays [redacted] one [redacted] night to [redacted] daughter's wedding.

The production maintains [redacted] play's consistent feeling [redacted] and youthfulness. [redacted] that [redacted] *is* [redacted] *diverse play* unified not so much by its plot [redacted] characters as by [redacted]whelming sentiment; it ends, as Coleridge said, "with a long deep sigh [redacted] breeze [redacted] the [redacted] evening."

Andrew St George

Talking in Tongues

THEATRE UPSTAIRS, [redacted] COURT

This ambitious new play [redacted] *the most drastic* polarities: black/white, male/female, home/abroad. Sometimes it loses focus; sometimes its generally realistic dialogue strays clumsily into the political [redacted]bolic. But [redacted] never fails to [redacted]tion; and is often funny without demeaning the seriousness of its themes. The playwright is Winsome Pinnock, *winner of* [redacted] New Writing.

The play's protagonist, though [redacted]tly ceding place to those around her, is Leela. A black girl from the Caribbean who comes to live and work in England, she espouses British ways so thoroughly *that she* can make *nothing* but small talk. *She* is always controlled; can never forget herself; and finds that her black lover has been two-timing her [redacted] girl. When [redacted] her best friend Claudette (a black girl born in Britain) go to Jamaica on holiday, she finds some happiness but still no *sense of home or of identity. She is so mild, meek and pleas*[redacted] that it takes terrific pressure before she can let fly, or even [redacted] anger.

The story [redacted] told with [redacted] irony, plenty [redacted] social context and much *supporting detail. Other girls have* [redacted] affairs too; and when the focus shifts away from Leela, it never loses our interest. The play's British black women sense how, by conforming to British values, they have surrendered their own language; they keep finding themselves ranked beneath white women (not *least* by black men); and they have even lost their parents' religion and the way their mothers had of expressing and releasing pain. The play ends, however, not in despair but with tentative optimism.

It is the realistic details, funny or alarming, that clinch the rightness of scene after scene: such as the black girl whose white boyfriend's parents give her English Rose make-up. And, when Leela and Claudette suddenly perform an act of violent malice on a white English girl, that's striking and convincing too. But when they spell out their feelings – "She takes comfort *in the fact* that *she's not bottom of the pile*", "*She revels in my oppression*" – the [redacted].

[redacted] Macdonald directs, strongly bringing out all the play's contrasts and [redacted] Campbell perfectly [redacted]veys [redacted] super-refined, elegant [redacted] that Leela [redacted] acquired, and [redacted] layers [redacted]. The [redacted] parts [redacted] all well [redacted] I don't [redacted] I've ever [redacted] convincingly simulated than in the [redacted] between [redacted] lover Bentley (Nicholas [redacted] Fran [redacted] McInnerny).

[redacted] staging is very much like the play. Sometimes [redacted] pre[redacted] stressing a point [redacted]ing a [redacted] ring true. [redacted] smooth overlappings of British small-talk, [redacted] babble, and [redacted]ated. I see why that is. But *Talking* [redacted] *Tongues* [redacted] best, [redacted] points, but simply when it [redacted] things [redacted].

Alastair Muir

Convincing: Nicholas Monu and Lizzy McInnerny

Alastair Macaulay

Venus

LUCERNE FESTIVAL

Tucked [redacted] among [redacted] *International* [redacted] *stud the Lu*[redacted] *programmes* like [redacted] major [redacted], are many less predictable [redacted] not less [redacted]ble things concerning Swiss music and [redacted]. In [redacted] years they have given concert performances of two of the principal operas of Othmar Schoeck – almost a local boy, born at Brunnen near the other end of the lake. Schoeck, who has so far not much benefited from the attention newly directed to post-Romantics like Schreker and Korngold (little of the glitter of Viennese decadence fell on him), well deserves rehabilitation.

This year the process [redacted] with *Venus*, [redacted] opera made by [redacted] friend Armin Rüeger out [redacted] Merimée's story *La Venus d'Ile*, produced [redacted] Zurich in 1922, since when it has [redacted] only rarely. [redacted] was a revival [redacted] Heidelberg [redacted] years ago and [redacted] Gallen reviewed here recently.

Rüeger [redacted] no attempt [redacted] particular and fascinating black humour, dry and laconic. He inflated and banalised [redacted] in provincial [redacted] an antique [redacted] of Venus, which promptly exerts a mysterious evil influence, breaking up a marriage about to be celebrated and so [redacted] the young bridegroom that he dies clutching the statue – given [redacted] as a [redacted] present by his dilettante uncle [redacted] *who discovered it*.

Schoeck's Horace, a sensitive, poetic youth aware of "dark powers" and worried about the distinction between passion and true love, is a far [redacted] from [redacted] rough young country squire, only [redacted] in [redacted] sports [redacted] *delighted to* [redacted] *acquired* [redacted] *his* [redacted] *a neighbour's pretty* [redacted] expectations. In [redacted] opera [redacted] statue come-to-life [redacted] mimed by a [redacted]. Potential difficulties for [redacted] performance [redacted] skirted by providing [redacted] and having enough light [redacted] read [redacted] by.

Rüeger's *adaptation* [redacted] clumsy and conventional but [redacted] it enabled [redacted] pour out his copious invention, surely and swiftly capturing mood [redacted] passing mood, from [redacted] springlike [redacted] of the bride Simone's initial *happiness* through *eruptions of near-violence* [redacted] some curiously jazzy dance rhythms) in [redacted] central [redacted] an [redacted] which comes dangerously near to bombast.

This [redacted] of the [redacted] wrote beautifully for [redacted] and no [redacted]. What is more, he [redacted] *how to combine the two* and [redacted] the [redacted] through. [redacted] the ensemble scenes [redacted] there. In [redacted] performance, some lack of clarity. Not the fault, one suspected, [redacted] Mario Venzago, the Swiss conductor responsible [redacted] the recent [redacted] in Germany, who [redacted] *repeating* [redacted] *performance* in the near future [redacted] Geneva and Montreux.

The trouble lay surely with the [redacted] Kunsthaus, clouding anything above a [redacted] complexity – some [redacted] the wedding [redacted] sounded like [redacted] from [redacted] *A* [redacted] *of Life poured* [redacted] a [redacted] small [redacted]. The Philharmonic Workshop [redacted] Switzerland (one [redacted] three Swiss youth orchestras appearing [redacted] the festival) played with evident appreciation.

[redacted] role [redacted] a lyric tenor [redacted] Wagnerian [redacted]. The [redacted] O'Neal, already an experienced Lohengrin, was more heroic [redacted] lyrical. He lasted nobly, the [redacted] of his [redacted] as vital, true and firm (and as hard) [redacted] the end as at the beginning, as [redacted] his [redacted] and [redacted] statue's were made of [redacted].

Lucia [redacted] lent her [redacted] to the [redacted] – luxury casting indeed. The second [redacted] role of the Baron [redacted] Zarandelle, [redacted] antiquarian uncle and giver [redacted] the fatal [redacted], was adeptly sung but too mildly characterised by [redacted] Lang. [redacted] *music*, [redacted] of Pandarus in Walton's *Troilus and Cressida*, is not the strongest feature of the score.

The evening's outstanding singing came from the Danish [redacted] Boje Skovhus as Raimond, Horace's *disapproving* [redacted] – an [redacted] watch. The small, efficient choruses came [redacted] Heidelberg and Basle. Prolonged applause from a well-filled house. [redacted] CD recording [redacted] said [redacted] be on [redacted] way.

Ronald Crichton

INTERNATIONAL

ARTS GUIDE

EXHIBITIONS

AMSTERDAM

Rijksmuseum Indian [redacted] pieces illustrating Mogul histories and Hindu epics from the [redacted] centuries. [redacted] Court [redacted] from India, including [redacted] showing [redacted] portrait [redacted] Shah Jahan. [redacted] Sep 22. Closed Mon

Van Gogh Museum *Japan*: [redacted]an Gogh's Utopia, examining [redacted] influences [redacted] prints and culture [redacted] work of Van Gogh. Ends [redacted] Daily

BASLE

Kunstmuseum [redacted] *Drawings* [redacted] *a selection* [redacted] work [redacted] *period, in which Swiss* [redacted] *searching for their own path* [redacted] Romantic [redacted] Paris and the circle of German [redacted] in Rome. Ends Oct 27. [redacted] century drawings from [redacted] Burckhardt-Koechlin Foundation, including [redacted] *Picasso*, [redacted] *Giacometti, Modigliani* [redacted] Ernst [redacted] Beuys. [redacted] 8. [redacted]

BERLIN

Agyptisches Museum Twilight [redacted] Pharaohs: an [redacted] reuniting [redacted] Berlin, and celebrating [redacted] discoveries and [redacted] 18th century Egyptologist Jean-Francois Champollion. Ends [redacted] 20. Daily

[redacted] **Charlottenburg** *Imperial Art from* [redacted] Dutch [redacted] Kaiser Wilhelm II: *paintings, sculpture* [redacted], including silver [redacted] furniture [redacted] of Frederick the [redacted]

[redacted] **Köpenick** [redacted] *porcelain*: [redacted] work *by one* [redacted] *leading early 20th century* [redacted] porcelain manufacturers, tracing developments in design from Jugendstil [redacted] Ends Jan [redacted] Mon [redacted] Tues

CHICAGO

Art Institute Degenerate Art: [redacted] *the Avant-Garde* [redacted] *Germany, featuring the* [redacted] held up [redacted] public mockery in 1937, [redacted] won recognition as [redacted] their realm. This [redacted] a widely acclaimed [redacted] originally mounted [redacted] the [redacted] Angeles County [redacted]. *Ends* [redacted] 8. [redacted] *Affection*, [redacted] *tracing the development of portrait miniatures* in America [redacted] century. Ends [redacted] 1. Daily

DRESDEN

Albertinum [redacted] Chamberlain (b1927): *metal collages and sculptures by* [redacted] *Florida-based* [redacted] *known for the provocative spontaneity* [redacted] *his designs and subtle colouring*. Ends Nov [redacted] Mon

Zwinger Exhibition of [redacted] Meissen porcelain dating from early [redacted] century, plus a [redacted] of 18th and 19th century coffee-house drawings [redacted] the Eduscho collection. Ends [redacted]

EDINBURGH

National Gallery of Scotland [redacted] *for Scotland*, [redacted] *objets d'art acquired for* [redacted] public [redacted] with [redacted] help [redacted] Collections Fund. [redacted] represented include Velazquez, [redacted] Gogh, El [redacted] and William Blake, plus [redacted] maiolica, [redacted] glass and *sculpture by* [redacted] *Sep* [redacted] Daily

Royal Scottish [redacted] Sculpture and Scotland 1540-1990, tracing developments [redacted] early days of [redacted] patronage to [redacted] strong [redacted] the present. [redacted] 15. *Daily*

Scottish National Gallery of [redacted] Ayers [redacted] and Other Landscapes, including nine spectacular paintings resulting from [redacted] in 1983, plus [redacted] group [redacted] *landscapes*. Ends Sep 29. *Daily*

FLORENCE

[redacted] **Buonarroti** [redacted] (1597-1651/3), follower [redacted] Caravaggio and possibly the [redacted] famous woman artist [redacted] all time. The [redacted] includes 30 paintings from [redacted] and foreign museums, *together with* [redacted] *masterpieces* [redacted] *her* [redacted] Ends [redacted] 4. [redacted]

FRANKFURT

Museum für [redacted] Signs of the Times: [redacted] from [redacted] contemporary [redacted] from Zimbabwe, Nigeria, [redacted] Senegal and South Africa, [redacted] *problems and pictorial story-telling* techniques. [redacted] Feb [redacted] Mon

[redacted] **Kunsthalle** [redacted] Chagall: [redacted] (*1906-22*), [redacted] *oils, watercolours, drawings* [redacted] Sep [redacted] Daily

GLASGOW

Hunterian [redacted] The Nude: [redacted] drawings, [redacted] prints [redacted] Hunterian's collection, including [redacted] by Dürer, *Rembrandt* [redacted] *Epstein. Ends* [redacted] 19. [redacted]

HAMBURG

[redacted] **für Kunst** [redacted] in Japan: landscapes, [redacted], villages [redacted] people photographed in the [redacted] Ends [redacted] Mon

LONDON

South Bank [redacted] Ju [redacted] Sculptures: [redacted] British exhibition of [redacted] by [redacted] sculptor, with [redacted] display [redacted] 12 major [redacted] taiji sculptures, realistic [redacted] Queen's Walkway of [redacted] Royal [redacted] Hall. Ends Sep 13. *Daily*

Tate Gallery John [redacted] *largest-ever survey of* [redacted] English [redacted] work. Ends [redacted] 15. Also William Blake: [redacted] watercolours, drawings and engravings [redacted] fine collection [redacted] work by the English visionary poet [redacted] *painter. Ends* [redacted] *2. Daily*

[redacted] **Albert Museum** [redacted] Man, an exhibition [redacted] one [redacted] the greatest and [redacted] influential [redacted] century. It [redacted] paintings, [redacted] drawings, *furniture, sculpture* [redacted] *silver* [redacted] *Schinkel archive in Berlin*. Ends Oct 27. [redacted] Postmodern Prints: an exhibition of 50 objects by [redacted], aimed [redacted] encouraging an [redacted] *conflicting* [redacted]. *Daily*

MADRID

Museo Nacional [redacted] ***Etnologia*** [redacted] A Century Ago: sculpture, [redacted] armour, [redacted] the [redacted] century in Equatorial [redacted] and [redacted]. The [redacted] *reproduction* [redacted] *living* [redacted] period. Ends [redacted] 31. Daily

MILAN

Palazzo Reale Filippo [redacted] (1896-1956): [redacted] exhibition, [redacted] primarily [redacted] *private collections*, [redacted] *paintings by* [redacted] Italian [redacted] on [redacted] fluent, quasi-impressionist brushwork of [redacted] Guardi. [redacted] 13. Daily

MUNICH

Kunsthalle [redacted] **Hypo-Kulturstiftung** Thought [redacted] *Contemporary Art 1960-90*. [redacted] and paintings by [redacted] internationally recognised [redacted] including Donald Judd, Frank [redacted] and Bruce Nauman. Ends Sep 8. Daily

Stadtmuseum The [redacted] Emperor: [redacted] *Wilhelm II in Exile. Ends Sep 22*. [redacted]

NANCY

Musée [redacted] **Beaux-Arts** [redacted] the 17th and 18th [redacted]. 60 paintings on [redacted] from Padua. Ends Sep 10. [redacted] Tues

NEW YORK

Metropolitan Museum [redacted] **Art** [redacted] of Impressionism and Post-impressionism, including [redacted] by Gauguin, Cézanne, Van Gogh, Renoir and Degas. [redacted] Oct 13. [redacted] Mon

Museum [redacted] **Modern** [redacted] Lee [redacted] *photographs* [redacted] *ranging* [redacted] portraits [redacted] figure [redacted]

Whitney Museum of [redacted] Art Hunt Diederich: figurative sculpture [redacted] drawings by a long-neglected early 20th century [redacted] *Sep* [redacted] retrospective [redacted] 22 [redacted] pioneer of conceptual [redacted]. Ends [redacted] American Life in American [redacted] 20th century [redacted] experience as seen [redacted] paintings *and sculptures from* [redacted] *permanent* [redacted] 10. [redacted]

PADUA

[redacted] **Eremitani** From Bellini [redacted] Tintoretto: 260 paintings by [redacted] 15th and 16th [redacted]. Ends [redacted] Mon

PARIS

[redacted] **Paume** [redacted] Dubuffet: The [redacted] Years. [redacted] than [redacted] paintings and 90 drawings [redacted] founder of Art Brut, dating from [redacted] period [redacted] Ends Sep 22. *Closed Mon*

[redacted] **d'Art** [redacted] El Lissitzky: 200 works, many [redacted] by [redacted] Gallery in Moscow, offering a retrospective of [redacted] (1890-1941), [redacted] was a major figure of the avant-garde at [redacted] time of [redacted] 1917 [redacted]. Ends [redacted] 13. [redacted]

Musée [redacted], **Hôtel** [redacted] The world's largest collection [redacted] work, completed by [redacted] own [redacted] of paintings by friends [redacted] Braque [redacted] Matisse, and [redacted] he admired, including Renoir and Cézanne. Closed Tues

[redacted] *at all* metro [redacted] queuing [redacted] 60 [redacted] including the Louvre, [redacted] d'Orsay and [redacted]

ROME

[redacted] **Valentino** Valentino: *Thirty Years of Magic*. 300 [redacted] original [redacted]. The intelligent eye [redacted] designer [redacted] – William [redacted] wallpaper, [redacted] pottery, Bronzino portraits and Tiffany lamps. [redacted] *Daily*

ROTTERDAM

[redacted] **Boymans-van Beuningen** [redacted] Nauman: [redacted] travelling exhibition of [redacted] complete prints, assembled from [redacted] American collection, together [redacted] 10 sculptures from Dutch [redacted]. Ends [redacted] Mon

STOCKHOLM

[redacted] (1916-82): retrospective [redacted] painter, author, poet, film-maker [redacted] of [redacted]. Ends [redacted] 13. [redacted]

VENICE

Fondazione Cini *From Gaudi* [redacted] 160 exhibits, including sculpture, paintings and drawings, by leading Catalan [redacted] and [redacted] early 20th centuries. Ends Nov [redacted]

ZURICH

Kunsthaus [redacted] Sachlichkeit. [redacted] work by [redacted] most influential [redacted] European photographers [redacted] 1920s and [redacted]. Ends [redacted] 20. Closed [redacted]

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Judging the UK economy

IN THE [illegible] the UK's economy ceased to be the laughing stock of the [illegible] world. But success was not only far from complete; it was seriously endangered by mistakes in monetary policy. Those mistakes [illegible] being rectified, if [illegible] high [illegible] Yet more must [illegible] if [illegible] UK [illegible] seize its opportunity [illegible] the combination [illegible] sustained low inflation and high growth that has long [illegible] it.

One of the attractive fea[illegible] of the [illegible] report [illegible] UK economy from the Organi[illegible] for Economic Co-operation and Development is that it puts current agonies in a lon[illegible] perspective. Domestic comment – not [illegible] from those prone to complaining about "short termism" in business – has been obsessed with whether recovery will begin this month, [illegible] month or the month thereafter. But activity [illegible] be [illegible] precisely predicted, or [illegible] finely controlled.

As [illegible] OECD points out, the UK economy created almost [illegible] jobs between early [illegible] and mid-1990, by [illegible] job creation record among the larger European countries. Furthermore, "only Japan recorded higher labour productivity growth than the [illegible] in the 1980s", while "manufacturing labour productivity increased [illegible] in the 1960s". Of the group [illegible] industrial countries only the UK [illegible] make [illegible] latter boast. As a result, [illegible] productivity [illegible] in manufacturing between the UK and major European countries narrowed in its favour for the [illegible] since [illegible] second world war.

It [illegible] damaging [illegible] rational debate to pretend, [illegible] opposition politicians are wont [illegible] do, that nothing [illegible] achieved in [illegible] is just as misleading [illegible] pretend, [illegible] the government [illegible] equally [illegible] do, that everything [illegible] wonderful, except for the inflationary "blip" of the late 1980s.

Massive mistake

In the first place, that was no blip. It was a massive and costly mistake. The OECD believes that "sterling's adher[illegible] the European ERM should now provide [illegible] effective nominal anchor and [illegible] powerful force [illegible] achieving [illegible] inflation". So it should, [illegible] though, contrary [illegible] OECD's view, [illegible] provides [illegible] "guarantee that excessive domestic [illegible] will not be validated by currency depreciation". [illegible] independence for [illegible] Bank of England remains [illegible] priority.

In the second place, [illegible] economy retains notable structural [illegible] profitability increased, but remained well [illegible] levels in other main industrial countries; productivity improved, but expenditure on [illegible] development grew more slowly [illegible] elsewhere; [illegible] and training [illegible] been reformed, but "compared with other advanced OECD countries, [illegible] extraordinarily high percentage of stu[illegible] continue to drop [illegible] at the [illegible] compulsory educa[illegible] without formal qualification" and skill shortages remain pervasive; [illegible] inflation [illegible] in the early [illegible] but the growth of [illegible] and nominal [illegible] remained [illegible] high.

Muted response

The [illegible] modestly optimistic about [illegible] behaviour, citing [illegible] muted [illegible] of [illegible] rapid fall of unemployment [illegible] But [illegible] may [illegible] indicator [illegible] rigidity [illegible] of [illegible] of nominal [illegible] rather [illegible] greater flexibility. Moreover, [illegible] starting point for [illegible] UK was poor, [illegible] real [illegible] rigidity greater than in [illegible] significant [illegible] country.

The labour market remains [illegible] Achilles heel. Unemployment has [illegible] by [illegible] quar[illegible] million [illegible] last year, while the underlying increase in average earnings [illegible] by only [illegible] percentage points, [illegible] 8¼ per [illegible] Yet, [illegible] sterling's present parity [illegible] combined [illegible] sustained economic growth, [illegible] inflation needs [illegible] no [illegible] 5 per [illegible] year. On present form, meeting that target would require unemployment [illegible] 3m, probably for years.

[illegible] improve wage behaviour remains [illegible] priority. But the [illegible] characterised by complacency from the govern[illegible] and cowardice from the opposition. If [illegible] can do better, the improved economic per[illegible] of the [illegible] will be [illegible] by [illegible] decade of high unemployment, with [illegible] its social and economic [illegible]

Metternich in the Elysée

PERHAPS [illegible] should not [illegible] hard on President François Mitterrand. Few if [illegible] world leaders struck exactly [illegible] right note in their first reaction to the coup against Mr Gorbachev on Monday of [illegible] week. [illegible] was not until Tuesday that Presi[illegible] Bush came out [illegible] his bold statement withholding recognition from [illegible] regime, insisting on [illegible] Gorbachev's reinstatement and [illegible]porting the resistance led by Mr [illegible] Yeltsin. On Monday even he had been [illegible] good deal [illegible] cautious.

It was, indeed, far from obvi[illegible] coup would fail, [illegible] any [illegible] in [illegible] short term; and [illegible] leaders, however anxious [illegible] see democracy ultimately prevail, had [illegible] responsibility to preserve as [illegible] they could [illegible] Gorbachev era for their own elector[illegible] and [illegible] world [illegible] large.

Still, [illegible] Mitterrand some[illegible] overdid it. [illegible] saying that "France attaches great value [illegible] personal safety [illegible] freedom" of Mr Gorbachev [illegible] Mr Yeltsin, and that "the [illegible] will be judged by their actions, particularly by [illegible] high-ranking figures in question are treated". [illegible] he said, "premature [illegible] speak [illegible] sanctions". [illegible] read [illegible] on television a letter from [illegible] the junta, Mr Gennady Yanayev, who promised [illegible] "stick [illegible] democracy and glasnost" and reassured him about Mr Gorbachev's [illegible] health. "I don't say you should take [illegible] value," Mr [illegible] told French view[illegible], "but I inform you [illegible] it". The impression given, even if unintentionally, [illegible] expected the [illegible] succeed and was already staking [illegible] of [illegible] with [illegible] authors.

Long counterattack

Two nights later, the president was back [illegible] television explaining that he had always thought the coup would fail. This time [illegible] the impression [illegible] was all [illegible] and that things could comfortably return to the [illegible] quo [illegible] and he devoted an [illegible] amount of time to counterattacking again[illegible] French opposition leaders who had criticised [illegible] earlier [illegible] "I don't see," he declared, "how we could allow certain leaders, who lack sang-froid, [illegible] govern France [illegible] day".

All too obviously it [illegible] Mitterrand himself who had [illegible] his sang-froid, in [illegible] troubling [illegible] one would [illegible] thought untypical of him. [illegible] blunder, mild in itself, was symptomatic [illegible] a deeper mal[illegible] him [illegible] since [illegible] Berlin wall [illegible] down [illegible] ago. He [illegible] had great difficulty in adjusting [illegible] new order in Europe, and too [illegible] given [illegible] impression that [illegible] preferred [illegible] old one – an [illegible] which [illegible] writer in Le [illegible] month tellingly compared [illegible] that [illegible] Metternich.

Privileged position

It [illegible] France, like Britain, had [illegible] privileged position in the Europe [illegible] Cold War, and perhaps exploited it more imaginatively (if [illegible] scrupulously) than Britain did. Secure [illegible] US nuclear umbrella, France not only [illegible] magnificent pose [illegible] political and military indepen[illegible] but [illegible] used Germany's political [illegible] ensure its own dominant position in [illegible] European Community. So German unification, though it posed [illegible] direct threat [illegible] France's [illegible] did imply [illegible] relative decline in France's importance.

That was an objective [illegible] which [illegible] Mitterrand could hardly hope [illegible] change. But [illegible] could have [illegible] much to miti[illegible] it [illegible] he [illegible] with [illegible] imagination and more genuine enthusiasm [illegible] the col[illegible] communism, [illegible] in central Europe and now in [illegible] Union itself. Instead [illegible] has appeared [illegible] stumble grudgingly along, always one pace behind [illegible] The [illegible] conclu[illegible] drawn by many [illegible] his compatriots is that, after 10 [illegible] in [illegible] overdue [illegible] retirement. [illegible] is only half [illegible] through his [illegible] mandate, but one [illegible] his own unredeemed election pledges was [illegible]idential term [illegible] five [illegible] If [illegible] to [illegible] on that pledge now (as some say he intends) it would not legally [illegible] his own term. But it would give him a good excuse [illegible] bow out gracefully [illegible] his [illegible] proverbial strategic and tactical powers [illegible] further.

George Bush is still popular in spite of America's problems, writes **Peter Riddell**

Paradox pervades the body politic

If George [illegible] re-elected presi[illegible] of [illegible] US [illegible] November [illegible] – and he [illegible] the strong favourite [illegible] campaign preparations begin in earnest – it [illegible] not be because most Americans [illegible] happy with their lot. Many are not. Well [illegible] half [illegible] American public thinks [illegible] US [illegible] on "the wrong track" and most disapprove of his handling [illegible] the [illegible] and domestic issues.

The US [illegible] grown by less than [illegible] of 1 [illegible] total since he took office in January [illegible] by [illegible] the worst performance [illegible] Second World War.

Mr Bush should be in political trouble, and could [illegible] if the economy weakens again with [illegible] double-dip recession. [illegible] present [illegible] is not. More than two-thirds [illegible] voters approve [illegible] the job he [illegible] doing – [illegible] record levels for this stage of [illegible] presidency – and most would [illegible] for [illegible] re-election.

That paradox [illegible] at [illegible] both of the [illegible] presidency and of [illegible] curi[illegible] of American politics. At [illegible] level there [illegible] explanation. Mr [illegible] strongly placed because of his foreign policy [illegible] and [illegible] disarray of [illegible] Democrats (discussed below). The "Re-elect the Commander-in-Chief" buttons which appeared after [illegible] of the Gulf [illegible] sum up that appeal. It [illegible] electorally potent.

The [illegible] convulsions [illegible] Soviet Union should reinforce that appeal. Mr [illegible] criticised by [illegible] conservatives [illegible] others in Congress for linking his policy [illegible] closely [illegible] the fate of Mr Gorbachev, and of therefore being caught out by last week's events. But [illegible] Mr [illegible] hedge his bets between Mr Gorbachev [illegible] Yeltsin. Moreover, [illegible] Republicans can argue [illegible] uncertainties in [illegible] underline [illegible] need to retain in [illegible] White House someone with Mr [illegible] foreign policy experience – which [illegible] of [illegible] likely [illegible] has.

Mr Bush's political position [illegible] parallels [illegible] of Mr John Major. Each took [illegible] the heroic [illegible] of [illegible] conservative revolution had lost momentum. Each [illegible] had [illegible] cope [illegible] problems created in [illegible] earlier era of change. Each is essentially a [illegible] rather [illegible] a leader, a consensus-builder rather than [illegible] mould-breaker.

George Bush, as [illegible] has [illegible] joked, [illegible] strong on [illegible] he calls "the [illegible] thing". [illegible] reflects not only [illegible] temperament but also his [illegible] the state of the country. [illegible] him, [illegible] American [illegible] is working. [illegible] only [illegible] the US [illegible] one [illegible] world again as a result of the Gulf victory, but most Americans have a pretty good life.

If there are problems, then in his view the answer lies in action at a [illegible] or [illegible] level or by voluntary [illegible] rather [illegible] through Washington-led initiatives. Inner-city difficul[illegible] should [illegible] through [illegible] tough law-and-order policy [illegible] self-help.

Mr Bush is, of [illegible] tightly constrained. [illegible] main [illegible] Reagan [illegible] high federal budget deficit, [illegible] widespread reluc[illegible] contemplate [illegible] general increase in taxes, and [illegible] virtually [illegible] public support [illegible] provision (such [illegible] security retirement [illegible] and Medicare [illegible] Medicaid [illegible] programmes).

The unpopularity [illegible] his own party and [illegible] the electorate [illegible] Mr [illegible] incurred [illegible] autumn as [illegible] result [illegible] the modest tax increases in [illegible] reduction agreement has [illegible] from pursuing [illegible] path again. [illegible] has [illegible] to grow. That has put [illegible] tight check on [illegible] new expenditure programmes.

[illegible] for manoeuvre in pursuing Republican goals has [illegible] by continuing Democratic [illegible]trol [illegible] Congress (strengthened [illegible] 1988 and 1990 elections) and by his own admitted [illegible] of [illegible] in [illegible] issues. He has not been able or willing to take a strong lead in pushing a conservative agenda, with the partial exception of his national education programme. His domestic policies have mainly been talk rather than action or money. New [illegible] have [illegible] either compromises [illegible] Congress (last year's far-reaching [illegible] on clear air and immigration) or responses [illegible] pressing crises [illegible] as the rescue of the savings and loan industry and parts of [illegible] banking reform bill).

The result [illegible] a largely passive Washington [illegible] many issues. Much of [illegible] thinking [illegible] being done at a state and local level by recently-elected governors [illegible] as Republican [illegible] in California [illegible] Democrat Lawton [illegible] (both former [illegible] senators). [illegible] by soaring [illegible] obligation to [illegible] budgets, they have begun [illegible] the role [illegible] government. [illegible] governors [illegible] trying [illegible] shift from expensive programmes which mainly [illegible] high [illegible] towards [illegible] greater emphasis on prevention, whether by developing non-custodial [illegible] discourage persistent drug [illegible] in [illegible] promotion [illegible] pre-natal [illegible] reduce infant mortality [illegible] ill-health.

[illegible] Mr [illegible] critics, his [illegible] and [illegible] policies [illegible] the [illegible] of [illegible] problems facing [illegible] country. To them, [illegible] US [illegible] clearly in relative decline, however much a US president [illegible] still [illegible] exercise political and military [illegible] internationally. To [illegible] the rapid decline of Soviet power [illegible] artificially inflated [illegible] standing [illegible] US and disguised [illegible] erosion [illegible] economic position [illegible] Japan [illegible] European Community. [illegible] US [illegible] exercise [illegible] during [illegible] Gulf war, [illegible] a remarkable exercise in fund-raising – [illegible] euphemistically as burden-sharing – in which [illegible] Gulf states, Japan [illegible] Germany [illegible] well over 80 per cent of US costs.

An activist foreign policy [illegible] a weakening economic base, not just [illegible] chronic problem of [illegible] budget [illegible] (which everyone [illegible] willing to defer until after next year's [illegible] also [illegible] of competitiveness. [illegible] recent Department of [illegible] report [illegible] that [illegible] than [illegible] of [illegible] school leavers lack [illegible] knowledge required [illegible] job. [illegible] by growing public [illegible] inadequacies [illegible] health provision (with [illegible] covered by [illegible] and [illegible] millions [illegible] others only partially covered) and dangerous [illegible] racial [illegible] in [illegible] inner cities.

Tony Andrews

Not strong on [illegible] 'vision thing', but President Bush's foreign policy successes mean he is on track to win a second term next year

[illegible] worries [illegible] Americans about their future, [illegible] country remains remarkably [illegible] characteris[illegible] American "can-do" spirit – and [illegible] possibilities – has [illegible] undimmed by [illegible] There [illegible] none of [illegible] gloom-and-doom mood of the kind in which British business [illegible] to wallow.

[illegible] structure. [illegible] be the [illegible] Washington, [illegible] is a [illegible] experience [illegible] viewpoint in, [illegible] Los Angeles, or Chicago or Houston or Seattle. They are all competing [illegible]nomic, political [illegible] cultural centres. Part of that [illegible] the vitality produced by [illegible] migrants. Just as Irish and European Jews made New York such a vibrant city in the first half of this century, so a massive inflow of Asians and Hispanics is changing the face of California now, offering the prospect of further growth and diversity.

Mr Bush prefers the brighter picture, brushing aside underlying economic weaknesses and ignoring much that is wrong with the US – the violence and racial divisions – even exploiting them in his campaigns. There [illegible] urgent [illegible] or political [illegible] adopt a [illegible] activist, and electorally uncertain, domestic strategy. Mr Bush does not need to take such risks to win a second term.

No messenger, or message

"Right [illegible] Democrats [illegible] have [illegible] agenda [illegible] America." This [illegible] from the Republican [illegible] but from Governor Mario Cuomo [illegible] York, writes Peter Riddell.

[illegible] political problems extend [illegible] than the shortage [illegible] declared candidates – only [illegible] Massachusetts [illegible] Paul Tsongas is formally running at [illegible] party [illegible] an agreed [illegible], or even an agreed view [illegible] why it has lost five out of [illegible] last [illegible] presidential elections.

The party remains highly successful [illegible] congressional level – strengthening its [illegible] on [illegible] the Senate and [illegible] since the mid-1980s. Voters view the role of Congress differently from [illegible] of [illegible] president. They [illegible] with divided government – electing Dem[illegible] to Congress [illegible] protect their economic [illegible] social [illegible] but returning Republicans to [illegible] White House [illegible] the [illegible] and [illegible] safeguard the country's national security.

There are two broad views of why voters have rejected Democrats for the White House. Mr Ronald Brownstein, a political commentator for the Los Angeles Times, has defined two groups – [illegible] such [illegible] Governor Cuomo, [illegible] Tom Harkin of Iowa and the [illegible] Jesse Jackson, [illegible] revisionists, [illegible] as Governor Bill Clinton [illegible] Arkansas, Governor Douglas Wilder [illegible] and former Senator Tsongas. They [illegible] all possible candidates and Senator Harkin and [illegible] Clinton are likely [illegible] declare formally [illegible]

The [illegible] have [illegible] ties to the party's base in [illegible] unions, the black civil [illegible] among women's, [illegible] and environmental [illegible] Their broadly [illegible]eral [illegible] is [illegible] have [illegible] by emphasising dis[illegible] such as racial quotas, [illegible] and [illegible] and symbols of patri[illegible] What the Democrats should do is to return [illegible] of protecting ordinary working Americans through [illegible] activist government and redistributive policies.

This class-based populist appeal is matched by [illegible] rejection [illegible] the [illegible]tionalism of Democratic presidents from Mr [illegible] Roosevelt to Mr Lyndon Johnson. Instead, this [illegible] of [illegible] favoured protectionism (for instance, opposing the Mexico [illegible] agreement) and strongly [illegible] Mr Bush's decision to start the Gulf war. In [illegible] reversal of the [illegible] pre-war [illegible]ism, [illegible] Bush [illegible] are now the [illegible]

The revisionists, [illegible] around the [illegible] Leadership Council [illegible] and [illegible] the south [illegible] argue that the party has [illegible] touch with [illegible] core supporters, notably white working people. They [illegible] that post-war affluence [illegible] in creating a [illegible] by [illegible] regarded the Democrats as the party of [illegible] high spending and high [illegible] which would not [illegible] America's national [illegible]

On this view, the [illegible] to abandon a class-warfare and anti-business approach. Instead, government should work to promote both personal responsibility (for example, via greater parental choice in schools and tenant management of public housing) and industrial competitiveness. These ideas, plus an acceptance of an active international role for the US, challenge liberal interest groups and are regarded by them as a pale imitation of Republican policies.

Within these broad differences, there is, however, agreement that there is a potential pool of support among the many Americans whose living standards have been stagnant for the past few years and who are worried about rising costs of health care, housing and college education.

These people are at present just frustrated, and not necessarily yet willing to jettison the popular Mr Bush. The Democrats need not only a convincing messenger but also a clear message.

OBSERVER

Odd choice by Salomon

■ It [illegible] something about the weakness of [illegible] Salomon Brothers board that the [illegible] has had to look [illegible] for [illegible] reputable name to chair [illegible] standing compliance committee. Britain's Lord Young, former cabinet minister now chairman of [illegible] major international public company, is hardly [illegible] obvious choice.

His big advantage is his [illegible] from Wall [illegible] He should not [illegible] carrying any [illegible] the prejudices and assumptions which might colour other [illegible] judgment. His weakness [illegible] he has never been known for his attention to detail. [illegible] much more a big picture man.

[illegible] Margaret Thatcher used to say: while her other Cabinet ministers brought her problems, David Y[illegible] brought her solutions. Altho[illegible] he will only be chairing [illegible] committee's meetings, [illegible] obligations [illegible] job [illegible] and come at a time when he is also supervising a major [illegible] the [illegible] management. Can [illegible] justice to both tasks?

Whose boom?

■ With economists crossing their fingers that Japan's current economic expansion will go on to break the post-war record set in the 1960s, a row is raging [illegible] what [illegible] boom should [illegible] called.

[illegible] predecessors have [illegible] named in honour of figures from history and mythology such as Izanagi, the Shinto god [illegible]tified with the previ[illegible] boom whose 57-month run has just been equalled by the present [illegible]

[illegible] pundits [illegible] it [illegible] Heisei after the current Heisei [illegible] Akihito. But [illegible] suggestion [illegible] been criticised as inappropriate because the boom began in [illegible] during the [illegible] era under late Emperor [illegible]

Other [illegible] suggest names [illegible] tradi[illegible]tion. [illegible] is Bubble [illegible] which, since it [illegible] to [illegible] growth-fuelling stock-market and real-estate [illegible] now burst, will surely be rejected as a bad omen.

A second, Fuzzy, [illegible] mooted by the [illegible] Shimbun which [illegible] current boom [illegible] had only a fuzzy [illegible] because the [illegible] per[illegible] has [illegible] tially richer or happier.

A compromise proposal [illegible] Himiko. Tra[illegible] in being the name of a historic queen and prophetess, it's [illegible] mod[illegible] in marking Japanese women's contribution [illegible] growth. If chosen, Himiko will [illegible] name used.

Infuriated

■ A [illegible] urgent [illegible] Japanese feminists, however, is to whip [illegible] protest against [illegible] card-game produced by [illegible] Takara toy [illegible] In [illegible] called "human trash", players compete [illegible] by selling [illegible]

Infuriated, Japanese women's [illegible] have [illegible]plained to the United [illegible] anti-discrimination committee. [illegible] while, Takara [illegible] the game is intended to demean women. A PR spokesman said the title "human trash" [illegible] "men who do such things."

Mixed blessing

■ Labour party [illegible] Neil [illegible] comfort [illegible] where a survey [illegible] union [illegible] love him [illegible] than John Smith or Gordon Brown. Further [illegible] not in [illegible] unions' pocket?

Then again, even he might have preferred to be rated higher [illegible] Frank [illegible]

"If there's anyone listening, I'm from the Ministry and you're fired!"

The 38 union chiefs who answered the NS questionnaire are still harder on their own ilk. Only right-wing Roy Grantham is worse rated than Norman Willis, head of Britain's TUC, and the media's union stars Bill Jordan and John Edmonds rank well below the likes of Rodney Bickerstaffe, Bill Morris and Jimmy Knapp.

The University Teachers' Diana Warwick, one of many who refused to answer, found the survey "tasteless and objectionable ...the kind of mischievous exercise that gets questionnaires a bad name".

Perhaps – but it helps to make the NS an enjoyable read.

Question time

■ The Swedes have high hopes [illegible] Soviet foreign [illegible] Boris [illegible] Will [illegible] now answer the questions he dodged when Soviet ambassador to Stockh[illegible] and last year?

Top of the list is what Soviet [illegible] were doing in [illegible] waters during the 1980s. Pankin denied they existed. Oth[illegible] from the fate [illegible] Wallenberg, the diplomat captured by [illegible] KGB [illegible] rescuing Hungarian [illegible] in [illegible] to [illegible] whereabouts of Stig Berling, a [illegible] George Blake.

Despite [illegible] evasiveness, however, Pankin [illegible] popular in Stockholm. An ex-editor [illegible] Komsomolskaya Pravda, he became good friends with [illegible] Prime [illegible] Olof Palme. That [illegible] be partly why [illegible] year's Palme Peace Prize [illegible] Marshal Sergei Akhromeyev, [illegible] Gorbachev military adviser [illegible] killed [illegible] failed [illegible]

[illegible] Pankin's [illegible] rising, [illegible] of [illegible] in Stockholm, Nikolai Uspensky, may [illegible] heading in [illegible] opposite direction. In [illegible] Pankin's strong [illegible] from Prague immediately condemning [illegible] coup, Uspensky was parroting the putschist [illegible]

Raisa regrets

■ [illegible] diplomatic flurry [illegible] fixing John Major's meetings with Boris [illegible] Mikhail Gorbachev [illegible] Sunday, [illegible] UK prime minister pauses [illegible] Kennebunkport [illegible] Beijing for a nine-hour [illegible] in Moscow. [illegible] telexing, how[illegible] Norma Major's [illegible] while.

What to do with her has been taxing the brainpower and diplomatic skills of Sir Rodric Braithwaite, [illegible] man in Moscow, [illegible] days.

The perfect solution [illegible] to be a meeting with Raisa Gorbachev. But he has just had note that she remains unwell and regrets [illegible] will not, [illegible] all, [illegible] in [illegible] position [illegible] strengthen Anglo-Soviet [illegible] Major.

Short order

■ What do you say to an Oxford history graduate?

"Big [illegible] please."

Eastern danger zone

Juliet Sychrava and Clive Cookson on the opportunities for the west created by unsafe east European nuclear power plants

"It is ten times more dangerous than Chernobyl – it is the most dangerous reactor [illegible] Europe, maybe the world." Mr Lutchezar Poshev, a board member of [illegible] Bulgarian environmental group Ecoglasnost, is describing Kozloduy, the nuclear power station in north-west Bulgaria condemned by the International Atomic Energy Authority (IAEA) in June.

Since then the world's nuclear industry [illegible] been [illegible] not only [illegible] the possibility of a [illegible] at Kozloduy but also by [illegible] opportunity it represents – first [illegible] win orders to make eastern Europe's [illegible]-designed reactors [illegible] and then, tantalisingly, [illegible] replace them with new [illegible] reactors.

Kozloduy [illegible] one of eight large power stations designed by the Soviet Union for its former satellite [illegible]. The [illegible] – operating [illegible] under [illegible]tion in Czechoslovakia, Hungary, Poland and [illegible] Germany – are less dangerous than Kozloduy, but none [illegible] western safety [illegible].

The European Community decided in June [illegible] give Bulgaria Ecu 11.5m [illegible] for [illegible] measures at Kozloduy and another Ecu 50m is [illegible]ted for reactor safety in [illegible]ern Europe next year. But modernising Kozloduy fully could cost $1bn (£500m) over several years, according [illegible] Bulgarian [illegible].

It is this, [illegible] alternative solution of replacing Kozloduy with a new nuclear station, that has drawn western Europe's nuclear utilities [illegible] Kozloduy. "What we are seeing is the nuclear industry in a feeding frenzy. This is the first bit of pork to fall into the water from the European Community," says an independent nuclear consultant working for NNC, the UK's nuclear design and engineering company.

Lord Marshall, chairman of WANO, [illegible] World Association of Nuclear Operators, [illegible] and [illegible] with [illegible] EC planning its rehabilitation, estimates [illegible] a five-year [illegible] to [illegible] Kozloduy acceptable could cost several hundred million dollars. The EC, [illegible] believes, intends [illegible] foot the bill, though the [illegible] [illegible] decision has been [illegible].

The nuclear industry, while pressing [illegible] EC [illegible] pay, has [illegible] waited for a [illegible] before proposing commercial solutions [illegible] Bulgaria's problem. [illegible] and nuclear [illegible] are said [illegible] have offered to [illegible] for extensive safety work [illegible] Kozloduy, if [illegible] Bulgarian government [illegible] [illegible] buy a [illegible] plant which would then produce surplus electricity to sell elsewhere in Europe.

It is unlikely [illegible] Bulgaria will [illegible] up. It is [illegible] an active anti-nuclear lobby which last [illegible] stymied plans [illegible] nuclear plant [illegible] the Romanian border. But Hungary [illegible] Czechoslovakia [illegible] negotiating [illegible] buy [illegible] nuclear [illegible] from [illegible].

Anti-nuclear campaigners accuse [illegible] industry of wanting to keep dangerous plants running in a desperate [illegible] replenish [illegible] books. [illegible] environmental argument can [illegible] played both ways – dirty coal-burning [illegible] are [illegible] Europe's main alternative [illegible] nuclear energy, unless hard [illegible] can be [illegible] buy [illegible] from the [illegible] Union.

Concerns [illegible] Soviet-designed reactors in [illegible] Europe [illegible] with [illegible] to close down [illegible] plants [illegible] dal in [illegible] Germany, on [illegible] grounds [illegible] danger[illegible] and could not [illegible] economically rehabilitated. "We didn't want to have anything [illegible] do [illegible] the old and [illegible] tors of the former Communists," said Mr [illegible] Petroll [illegible] the German [illegible].

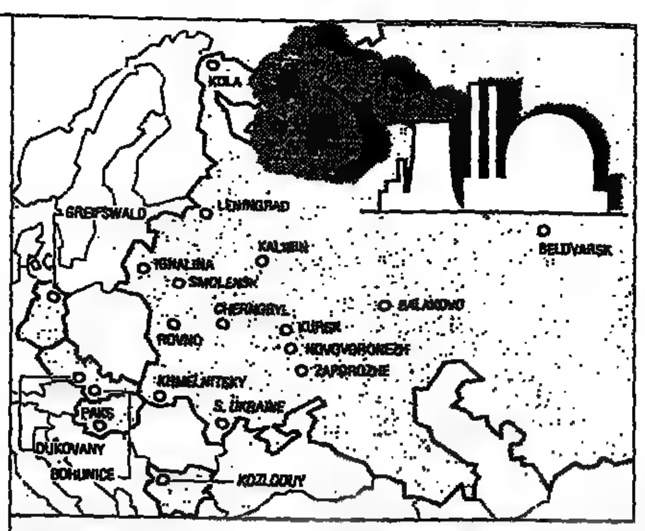
Anxiety mounted [illegible] the IAEA inspection [illegible] Kozloduy in June by [illegible] nuclear experts. According [illegible] the [illegible] statement they "found the plant in very poor condition" and "urged the Bulgarian government to take immediate measures" to improve safety. It is understood that the concerns included the [illegible] of the [illegible] as a [illegible] of radiation, [illegible] the system [illegible] containing [illegible] leaks, [illegible] of [illegible]. These problems have already led [illegible] a number [illegible] minor [illegible].

But opinions differ on [illegible] design [illegible] pressurised [illegible] (PWR), of which Kozloduy [illegible] an example, [illegible] intrinsically dangerous. "These [illegible] horse [illegible] very forgiving of operator error," [illegible] Mr David Kyd [illegible] the IAEA. "They [illegible] not [illegible] like the Chernobyl type of graphite-moderated reactor."

Reactors in service in the Comecon region

	Type	Model	Unit size MW (gross)	Year of first commercial use
BULGARIA				
Kozloduy 1–2	PWR	V230	2 x 440	1974, 75
Kozloduy 3–4	PWR	V230	2 x 440	1981, 82
Kozloduy 5	PWR		1000	1988
CZECHOSLOVAKIA				
Bohunice 1, 2	PWR	V230	2 x 413	1979,81
Bohunice 3, 4	PWR	V213	2 x 440	1985, 86
Dukovany 1–4	PWR	V213	4 x 432	1985, 86, 87, 87
EAST GERMANY				
Greifswald 1–4	PWR	V230	4 x 440	1974, 75, 78, 79
Greifswald 5	PWR	V213	440	(shut down in 1990)
HUNGARY				
Paks 1–4	PWR	V213	4 x 440	[illegible] 84, 86, 87
USSR				
Balakovo 1–3	PWR	V230	3 x 1000	[illegible] 88, 89
Beloyarsk 3	FBR	BN600	600	1981
Chernobyl 1–3	RBMK		3 x 1000	1978, 79, 82
Ignalina 1, 2	RBMK		2 x 1500	1985
Kalinin 1, 2	PWR	V338	2 x 1000	1985, 87
Khmelnitski 1	PWR	V320	1000	1988
Kola 1–2	PWR	V230	2 x 440	1973, 75
Kola 3–4	PWR	V213	2 x 440	1982, 84
Kursk 1–4	RBMK		4 x 1000	1977, 79, 84, 86
Leningrad 1–4	RBMK		4 x 1000	1974, 76, 80, 81
Novovoronezh 3, 4	PWR	V179	2 x 417	1972, 73
Novovoronezh 5	PWR	V187	1000	1981
Rovno 1, 2	PWR	V213	2 x 440	1981, 82
Rovno 3	PWR	V320	1000	1987
Smolensk 1, 2	RBMK		2 x 1000	1983, 85
Smolensk 3	RBMK		1000	1990
South Ukraine 1, 2	PWR	V302	2 x 1000	1983, 85
South Ukraine 3	PWR	V320	1000	1989
Zaporozhe 1–5	PWR	V320	4 x 1000	1985, 86, [illegible] 88, 89

Source: Nuclear Engineering International



Apart from Bulgaria, Czechoslovakia has two V230 reactors and [illegible] Soviet Union has 10. Other PWRs in Czechoslovakia and Hungary are [illegible] modern and [illegible] design. The Soviets also have 16 Chernobyl-type RBMK reactors, which [illegible] not exported; [illegible] after the [illegible] of the [illegible] about their safety.

Deciding [illegible] to do about Kozloduy [illegible] complicated [illegible] it provides [illegible] 40 per [illegible] of Bulgaria's electricity. "They are very short of electricity," says Lord Marshall. "Last winter [illegible] was [illegible] for one hour [illegible] four and [illegible] new [illegible] is worried about [illegible] electricity through another winter."

There [illegible] in the [illegible] about [illegible] should happen [illegible] Kozloduy. At a meeting last month [illegible] IAEA headquarters in [illegible] to discuss [illegible] Bulgaria, German representa[illegible] by environment minister Mr Klaus Töpfer demanded an immediate shutdown, but their French and [illegible] counterparts thought [illegible] an [illegible].

[illegible] short-term compromise [illegible] shut down [illegible] pair of [illegible] for maintenance [illegible] soon [illegible] possible – [illegible] certainly [illegible] the end [illegible] the [illegible] – and to carry out a safety overhaul of [illegible] whole plant. This is [illegible] being done under [illegible] auspices of the [illegible] emergency programme. A [illegible] of six [illegible] engi[illegible] flew to Bulgaria last week [illegible] initiate a six-month plan to achieve [illegible] at the plant.

The six-month plan will [illegible] by a [illegible] stage, aimed [illegible] up a monitoring system [illegible] plant – [illegible] independent regulatory body [illegible] Bulgaria. Finally, there will be a study [illegible] alternatives [illegible] Bulgaria's electricity supply, [illegible] give [illegible] country the option [illegible] closing Kozloduy.

Western contractors [illegible] already offering the Bulgarians nuclear solutions [illegible] long-term [illegible] problems with an alacrity [illegible] has [illegible] some [illegible] in environmental circles. A new [illegible] formed by EDF [illegible] France [illegible] Siemens, [illegible] German engineering group, [illegible] likely [illegible] be [illegible] the [illegible] commercial position.

Westinghouse of the [illegible] in building new [illegible] plant in Bulgaria. While [illegible] acknowledged such plans, [illegible] working [illegible] to carry [illegible] safety evaluations, to train [illegible] operators, and [illegible] low-level nuclear waste [illegible] Kozloduy.

This last is a serious problem [illegible] Bulgaria, which until now has sent waste back [illegible] the Soviet Union for reprocessing, while accumulating liquid and acidic [illegible] on site [illegible] Kozloduy. This is [illegible] a viable long-term [illegible] for Bulgaria, nor [illegible] the [illegible] Europe.

"The 'Sellafield' problem [illegible] huge for the whole of [illegible] Europe," explains Mr Dieter Helm of the energy consultancy Oxford Economic Research Associates. "When the Czechs built [illegible] reactors they had a deal that the Soviets would take the waste back for reprocessing. Now they are sitting on a great pile of waste they can't dispose of."

But waste aside, few of the eastern European states face a nuclear problem on the same scale as Kozloduy. Czechoslovak reactors designed in the Soviet Union but engineered locally by Skoda are proving more reliable than Kozloduy. The Czechoslovak government has rejected Austrian [illegible] to shut down the two [illegible] reactors [illegible] Bohunice, [illegible]ugh it has agreed to give them an extensive overhaul in 1993.

At the same time Czechoslovakia is negotiating with western companies to build new nuclear plants. The design most likely to be adopted is a 1400MW PWR based on the "harmonised" European reactor manufactured by Siemens with Framatome, the French nuclear engineering [illegible].

Meanwhile, Hungary is deciding whether [illegible] expand [illegible] capacity or build more [illegible] power [illegible] existing [illegible] built [illegible] during [illegible] are operating remarkably [illegible].

If Hungary [illegible] for nuclear power, another Franco-German partnership [illegible] expected [illegible] a [illegible] contract [illegible] build [illegible] PWRs at [illegible]. EDF and [illegible] utility, plan [illegible] sell [illegible] half [illegible] electricity from the planned [illegible] Austria and Italy.

Romania [illegible] persevering with a long-standing project to build five Canadian-designed [illegible] reactors [illegible] Cernavoda. But Poland [illegible] plans [illegible] build [illegible] nuclear plant, in [illegible] of opposition from [illegible] campaigners.

The German nuclear industry, which [illegible] had no [illegible] plants since 1982, [illegible] build PWRs [illegible] Greifswald and [illegible] replace [illegible]gned [illegible]. But [illegible] unlikely [illegible] happen while [illegible] paigners [illegible] politics. [illegible] Siemens [illegible] looking beyond [illegible] Germany to [illegible] not [illegible] simply [illegible] switch [illegible] Soviet-designed [illegible].

Eastern Europe [illegible] the technology to build [illegible]. If it [illegible] make nuclear electricity publicly acceptable [illegible] and [illegible], it cannot [illegible] replacing Soviet nuclear colonisation [illegible].

LOMBARD

Terminal technology

By Charles Leadbeater

It is close to two hours of near non-stop violence and [illegible] director of a high-technology company should see it. For Terminator 2, the Arnold [illegible]gger film which opened in Britain [illegible] week and which is set to be one of the most popular films of the year, is all about them and their technology.

What should most concern high-tech executives is that Terminator 2 is a very pessimistic parable. The film opens in the future, with a war between humans and sophisticated machines, fighting on a landscape made barren by the nuclear war of 1997. It was triggered by a semiconductor [illegible] sophisticated [illegible] it could not [illegible] controlled by [illegible] human makers. The plot pits [illegible] terminators – killing machines – from [illegible] into [illegible] in the [illegible] one trying [illegible] kill, the [illegible] defend, the [illegible] leader.

In the course [illegible] their struggle, [illegible] technology emerge.

● First, in [illegible] of [illegible] end [illegible] cold [illegible] Hollywood [illegible] searching for new villains. Large companies [illegible] bill quite nicely. It [illegible] longer communist commissars who [illegible] humanity, but technology.

In Terminator 2 the cause [illegible] nuclear [illegible] rampant communism but [illegible] technol[illegible] produced by Cybernet – a [illegible] IBM [illegible] General Dynamics. [illegible] ing chip [illegible] dreamed up by a likeable computer programmer, a very [illegible] man [illegible] street, not an evil genius.

● Second, Terminator [illegible] a commentary [illegible] how [illegible] about [illegible] dependence upon technology. In the fairy-tale [illegible] Star Wars, humans, largely unchanged [illegible] recog[illegible] people like us, [illegible] in a high-tech future. They confidently [illegible] complicated technology [illegible] they [illegible] distinctively and recognisably human.

In Terminator 2 machines are threatening precisely because the line [illegible] man and machine [illegible] blurred. [illegible] evil terminator – [illegible] Schwarzenegger – has a liquid metal [illegible] allows him [illegible] on [illegible] human form. He [illegible] an old-fashioned robot, an attempt mechanically to replicate life. No, this liquid metal man [illegible] in an exotic world somewhere between [illegible] mechanical, biological and electronic.

This disturbs [illegible] it plays on powerful current con[illegible]. We are increasingly dependent [illegible]ology, not merely as a tool at work. The rhythm [illegible] our [illegible] is [illegible] by [illegible] bleeps and wiring of videos and microwaves, portable [illegible] phones [illegible] lap-top computers. [illegible] that, technology is becoming woven into our bodies – from artificial joints to genetic engineering which can [illegible] to manipulate fundamental components [illegible] life [illegible] plays upon our worries that [illegible] line [illegible] human and technolog[illegible] is becoming fuzzy.

● Third, the film is deeply pessimistic about [illegible] ability to control technology. In one [illegible] a [illegible] very [illegible] technology available to film makers. The makers of Terminator 2 bring us breath-taking special [illegible].

However, in large part [illegible] display of old [illegible] cient technology such [illegible] motorcycles, trucks and above all, very big guns. The finale revolves around one of the oldest industrial technologies – the making of steel. The raw [illegible] of [illegible] steel-making [illegible] sophisticated [illegible] technology [illegible] the [illegible]ator.

[illegible] film's [illegible] should be [illegible] intelligent about [illegible] brute power [illegible] only sure [illegible] sophisticated technology.

The message for the executives is not encouraging. The logic of Terminator 2 is that they are the ultimate source of a threat to the world which can only be eliminated if they (a) kill themselves while also blowing up their work (the fate of the good-natured computer programmer) or (b) follow the terminator by jumping into a [illegible] of molten [illegible]. Basta la vista, as Arnie would say.

LETTERS

Pension fund trustees should be held accountable

From Mr Nathan Gelber

Sir, John Plender's article (A lesson for fund managers, August 27) should perhaps be [illegible] 'A lesson [illegible]' as [illegible] the problems he identifies fall into the realm [illegible] pension [illegible] investment committees appointed by them.

In practice, fund managers [illegible] rarely [illegible] discretion for the allocation [illegible] equities [illegible] markets.

Usually, [illegible] their [illegible] committees take this [illegible] implicitly, by stipulating a [illegible] against [illegible] fund manager will be measured [illegible] less frequently, explicitly by providing investment guidelines which determine the overseas allocation. In other words, it is the trustees who ought to be questioned as to how they discharge their duties and which input they use in this context.

Clearly, there is the need for a process by [illegible] trustees should be held accountable [illegible] their [illegible].

Furthermore, trustees should [illegible] intensely on [illegible] question [illegible] selecting an appropriate [illegible] age the overseas portion of the fund. We found that the information and agency problems, which represent a major handicap for UK-based fund managers when investing in overseas [illegible], can be mitigated by delegating [illegible] fund [illegible]ment responsibility to regional specialists located in [illegible] respective equity markets.

Our evidence [illegible] that [illegible] performance [illegible] by carefully selected regional specialists [illegible] tently superior [illegible] generated by the [illegible] peer group.

I fail [illegible] understand why the majority [illegible] does not pursue [illegible] alternative route. Neither an internal fund [illegible]ager [illegible] a UK-based invest[illegible] likely [illegible] forthcoming [illegible] such a recommendation because it conflicts [illegible] their [illegible] and [illegible] rarely [illegible] know-how to [illegible] in [illegible] particular area.

Nathan Gelber,
chairman,
Stamford Associates (UK),
St [illegible] Way,
London E1

It's time to move into line with Europe on public holidays

From Mr Russell Sparks

Sir, [illegible] the National Economic Development Council thinks we need additional bank holidays such as a [illegible] Bank Holiday in October ("Easter in a [illegible] as tradition [illegible] a holiday", [illegible] 27).

[illegible] NEDC suggests [illegible] this will bring [illegible] UK, with eight public holidays, [illegible] in line with continental Europe, [illegible] it is normal [illegible] 10 days or more.

Anyone who has frequent [illegible] with Europe knows that [illegible] a simpler [illegible] solution – [illegible] bring [illegible] existing [illegible] public holidays [illegible] line [illegible] the [illegible].

The Europeans [illegible] our major trading partners. At a time when [illegible] country needs as much export business as possible, does it really make sense for us to be open when they are closed, as happened twice in May and more recently on August 15, and then take a holiday on our own shortly after, as we did this Monday?

This would also overcome the problems that the NEDC proposal would face with churches – most European holidays are ancient religious festivals such as the Ascension on May 9 and the Assumption on August 15.

Russell Sparks,
16 Coval Road,
London SW14

Importance of rouble convertibility and helping the Soviet people to help themselves

From Mr R A Ledingham

Sir, [illegible] the [illegible] output must be the collapse of a large proportion [illegible] its [illegible] trade.

That collapse [illegible] mirrored in many of the former member [illegible] Council for Mutual Economic [illegible] (Comecon), [illegible] which [illegible] finding [illegible] exports cannot immediately [illegible] redirected [illegible] markets, now including [illegible] Comecon partners.

[illegible] is now [illegible] prospect [illegible] similar deterioration in inter-republic trade, which will [illegible] a further [illegible] on the output of all the current [illegible] republics.

[illegible] be worth considering attempts to [illegible] further [illegible].

Soviet President Mikhail [illegible] objective of rouble convertibility should be [illegible] as a [illegible] priority, [illegible] which [illegible] ultimately be required.

[illegible] not seem [illegible] a credible [illegible] Russian plan [illegible] convertibility [illegible] plan would [illegible] avoid an [illegible] import [illegible]. It is, however, [illegible] where the [illegible] could [illegible] relatively fast [illegible] a relatively low cost.

As part of [illegible] aid, [illegible] could [illegible] a quota [illegible] rouble conversion [illegible] hard currency (perhaps for restricted [illegible] to [illegible] ex-Comecon countries, including [illegible] former East Germany. [illegible] would [illegible] trade [illegible] markets, while an infrastructure can be developed [illegible] markets.

[illegible] the west could be blended, perhaps at a subsidised rate, with hard currency for private investment in rouble-based [illegible].

Such a [illegible] would [illegible] much [illegible] than a simple [illegible] payment [illegible] amount [illegible] subsidy.

[illegible] could [illegible] speedily. It could [illegible] initiated [illegible] a small [illegible] to [illegible] viability and to provide [illegible] hope of eventually meeting one [illegible] objective.

R A Ledingham,
Rose View,
Hethe,
Oxon.

From Mr Michael Davies

Sir, There has been nothing [illegible] your editorials over [illegible] Soviet Union, but [illegible] is [illegible] passion [illegible] inspired 'The [illegible] Challenge' (August 31 [illegible])?

In [illegible] remarkable article you argued that the Mazowiecki government should not be allowed to fail or "... worst, [illegible] hope [illegible] peaceful transition from [illegible] communist [illegible] would [illegible] revealed [illegible] an illusion".

That government was allowed to fail, [illegible] partly [illegible] the other peoples [illegible] Europe did not wait [illegible] see if it could succeed before voting with their feet.

Capitalism must now be made [illegible] work in [illegible] Union and all [illegible] former [illegible]. It [illegible] obviously going [illegible] a structural adjustment plan [illegible] a [illegible] make which I hope more powerful voices than mine will [illegible] up.

I believe a capitalist [illegible] of the Anglo-Soviet Friendship Society could play a [illegible] by focusing [illegible] and offers [illegible] help.

If it [illegible] the ground, [illegible] committee would doubtless [illegible] attention from [illegible] media and give people [illegible] hope that [illegible] people [illegible] who [illegible] to help them to help [illegible].

'The Polish Challenge' commemorated [illegible] 50th anniversary of the outbreak of the second world war and we are now remembering the start of the Arctic convoys on which our sailors gave their lives to help defend the Soviet people from Hitler.

All we are required [illegible] sacrifice [illegible] ingenuity [illegible] from the [illegible] Stalin. Let's [illegible] to it!

Michael Davies,
15, Douglas Avenue,
Exmouth,
Devon.

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

FINANCIAL TIMES
Friday August 30 1991

Former stockbroking executives reveal little new information on financial scandals

Japanese financiers apologise to Diet

By Stefan Wagstyl in Tokyo

THE FORMER top executive of Nomura Securities, the world's largest stockbroker, yesterday gave Japanese MPs a gripping account of how his group paid stock-loss compensation to favoured clients and dealt with a gangster group.

Mr Setsuya Tabuchi, Nomura's former chairman, and Mr Takuya Iwasaki, former president of Nikko Securities, another of the country's Big Four broking houses, apologised for their groups' involvement in financial scandals but disclosed little new information in their appear[illegible] before a special commit[illegible] of the Diet – Japan's parliament – televised live.

Mr Tabuchi described how Nomura decided on the payment of Y16bn ($116.8m) in compensation following the plunge in the Japanese stock market last year. The group [illegible] paid compensation in previous years but knew [illegible] Finance Ministry [illegible] becoming increasingly [illegible] [illegible] the practice. However, faced with appeals from many branch managers, top executives [illegible] by Mr Yoshihisa Tabuchi, the then president and [illegible] relation, "reluctantly" agreed.

Mr Tabuchi explained how Nomura [illegible] [illegible] deal with Mr Susumu Ishii, [illegible] well-known gangster chief. He said Mr Ishii was introduced [illegible] a Nomura executive by a *sokaiya* – [illegible] professional extortionist specialising in disrupting company affairs.

The sokaiya arranged for [illegible] meeting between Mr Ishii and [illegible] general manager [illegible] Nomura's head office. However, the general manager [illegible] not told who [illegible] Ishii [illegible] [illegible] Tabuchi claimed.

Asked to disclose the name of the *sokaiya*, Mr Tabuchi felt confident enough [illegible] joke: "I remembered until yesterday. But today I've forgotten," [illegible] said.

Mr Tabuchi admitted Mr Ishii borrowed from the Nomura [illegible] [illegible] buy large amounts of stock in Tokyu Corporation, a railway company. [illegible] denied allegations that Nomura [illegible] subsequently manipulated [illegible] market to push [illegible] [illegible] Tokyu stock price. [illegible] expressed regret [illegible] Nomura bought "excessive" amounts of Tokyu stock after Mr [illegible] acquired his stake.

Mr Tabuchi also admitted that following [illegible] plunge in the Tokyu share price, Nomura's Y16bn loans [illegible] [illegible] [illegible] were no longer fully [illegible] by col[illegible].

There was a shortfall [illegible] Y3.675bn, [illegible] agreed with [illegible] questioner. Nomura was trying [illegible] recover [illegible] [illegible] [illegible] Mr Ishii who was paying interest, said Mr [illegible].

[illegible] securities executives' testimonies were [illegible] [illegible] [illegible] fol[illegible] today by [illegible] by [illegible] top bankers – [illegible] presi[illegible] [illegible] Industrial Bank of Japan, Fuji Bank [illegible] Sumi[illegible] [illegible] – about their [illegible] involvement in illegal [illegible] schemes.

Boom times catch up, Page 4

EC envoy says Yugoslav army is backing Serbs

By Laura [illegible] in Belgrade and **Robert Mauthner** in Paris

ALLEGATIONS that Yugoslavia's federal army had attacked Croatian villages were confirmed yesteday by a senior western diplomat.

Mr Henri Wijnaendts, the Dutch ambassador to France and the European Community's special envoy in Yugoslavia, said his team of EC monitors had gathered conclusive evidence [illegible] the role of the federal army in the conflict between Serbs and Croats [illegible] the republic of Croatia.

More than [illegible] people have died in fighting in Croatia since the declaration of independence [illegible] June 25 by Croatia and Slovenia.

Speaking at a press conference in Zagreb, the capital of Croatia, following [illegible] two-day trip to Slavonia – the scene of heavy fighting in the east of the republic, Mr Wijnaendts said: "The level of violence – which has included bombs, rockets, heavy artillery and aerial attacks – leaves no doubt that there has been involvement by the Yugoslav army."

"We [illegible] dismayed by the level of violence [illegible] saw." Mr Wijnaendts also rejected claims by the Serbian-dominated federal army that it had intervened only to separate Croats and Serbs.

The diplomat's statements contradicted denials by the federal army that it is supporting [illegible] militants in their bid [illegible] carve a Greater Serbia out of Croatia.

He said Europe must act to help resolve the conflict but only the Yugoslavs themselves could stop the killing in Croatia.

"We cannot continue to stand idly by. That is my [illegible]sage. It's war here.

"*If there is* [illegible] *conclusion* [from my visit] it is that [illegible] ceasefire will not [illegible] effective unless there is an impartial *foreign presence*," Mr Wijnaendts said after meeting [illegible] Franjo Tudjman, the president of Croatia.

Croatia and the neighbouring breakaway republic of Slovenia have backed [illegible] [illegible] Community plan for [illegible] peace conference, EC arbitration and EC observers [illegible] patrol Croatia's conflict zones, he said.

In Paris, Mr Slobodan Milosevic, the Serbian president, said yesterday that Serbia would "study" the arbitration proposals made by the European Community to prevent [illegible] extension of [illegible] civil war in Yugoslavia. He rejected any responsibility for the continuation of [illegible] fighting.

Mr Milosevic said he was "very satisfied" with an hour-long meeting yesterday with French president François Mitterrand.

Mr Milosevic blamed the continued [illegible] and fighting in Yugoslavia [illegible] [illegible] Croats. A ceasefire would take [illegible] only when the Croatian authorities put [illegible] halt to their policy of "state terror" against [illegible] Serbian population and towns in Croatia, he added.

Croatian mothers call yesterday for the release of their sons from the Yugoslav army

THE LEX COLUMN

Ladbroke adds up the room bill

Perhaps [illegible] [illegible] because its rights [illegible] had [illegible] so widely [illegible] [illegible] Ladbroke's shares [illegible] by 2 [illegible] cent when the news became [illegible]. There is [illegible] justification for [illegible] gain [illegible] the 37 per [illegible] fall in interim earnings per share. Indeed, protestations [illegible] the rights issue [illegible] timed to finance hotel expansion [illegible] hollow when [illegible] against the [illegible] urgent [illegible] [illegible] supporting the struggling property division. Stripping away Ladbroke's [illegible] of intangible [illegible] [illegible] leaves gearing under greater pressure than *the company* [illegible].

[illegible] that [illegible] [illegible] rights call, [illegible] [illegible] of [illegible] [illegible] week, is [illegible] a statement of [illegible] [illegible] [illegible] of [illegible] downturn [illegible] [illegible] recovery potential. Doubtless Ladbroke will [illegible] [illegible] [illegible] last *company to* [illegible] *advantage* [illegible] market firmness, but [illegible] opportunism [illegible] [illegible] a reflection [illegible] [illegible] [illegible] [illegible] [illegible] of *leisure stocks*.

The sector as [illegible] [illegible] [illegible] outperformed the market by nearly [illegible] [illegible] [illegible] [illegible] [illegible] relative nadir [illegible] [illegible] July. [illegible] [illegible] [illegible] to [illegible] why [illegible] Ladbroke rerating [illegible] [illegible] much further. The hotel [illegible] [illegible] recovered from the [illegible] of the damage wrought by [illegible] Gulf war, but the interim results [illegible] inflated by [illegible] [illegible]pected [illegible] profit from [illegible] [illegible] of [illegible] UK hotel. Property profits [illegible] dependent on [illegible] uncertain prospect [illegible] disposals, [illegible] there [illegible] [illegible] [illegible] [illegible] for capitalising interest.

GRE

Insurance bulls are in the mood [illegible] charge. [illegible] yesterday's market [illegible] [illegible] lower [illegible] expected first-half [illegible] from Guardian Royal Exchange looks a touch premature. Investors should [illegible] [illegible] of reading [illegible] much into [illegible] seemingly much improved [illegible]ond-quarter result, which [illegible] only enjoyed the usual seasonal bias in its favour, [illegible] [illegible] [illegible] by the decision to lob all [illegible] premiums into the first [illegible] months.

The figures certainly con[illegible] that [illegible] composites [illegible] peering round [illegible] corner [illegible] [illegible] period of renewed profitability: [illegible] there was little yesterday to [illegible] hopes that the journey will be other [illegible] [illegible] long, [illegible] slog.

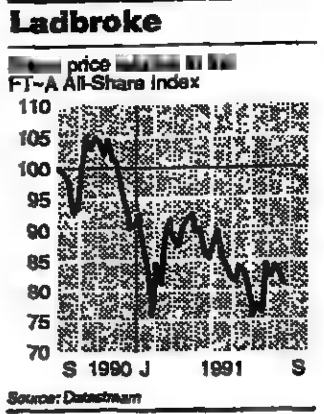
That said, the new [illegible]ment has already [illegible] [illegible] way to counter those critics who see GRE [illegible] the Cinderella of the [illegible]. The company [illegible] cut its expenses ratio by a full [illegible] percentage points, [illegible] [illegible] back the bloated motor account and, like Commercial Union, [illegible] largely [illegible] [illegible] insurance industry's [illegible] financial [illegible] hole; [illegible] prediction that industry [illegible] [illegible] [illegible] guarantees could top £1bn this year [illegible] even Eagle Star's shocking provi[illegible] [illegible] [illegible] [illegible] optimistic, [illegible] [illegible] nicely [illegible] [illegible] [illegible] rivals squirming in [illegible]comfort.

[illegible] own shares, though, will require [illegible] 8 [illegible] [illegible] yield prop until [illegible] [illegible] [illegible] evidence that dividends [illegible] resume an upward path.

FT-SE [illegible] [illegible] (+14.0)

Ladbroke

[illegible] price [illegible] [illegible] [illegible]
FT-A All-Share index



Source: Datastream

German chemicals

[illegible] for [illegible] corporate glasnost. [illegible] by [illegible] standards, [illegible] interim fig[illegible] [illegible] bewildering, though [illegible] [illegible] picture [illegible] [illegible] [illegible] struggling [illegible] defy a vicious [illegible] [illegible] [illegible] [illegible] pretty clear. [illegible] [illegible] profits [illegible] down by [illegible] quarter in [illegible] [illegible] [illegible] months, BASF [illegible] in a curiously strong second [illegible]ter to leave its pre-tax interim profits [illegible] [illegible] [illegible] [illegible] [illegible] below [illegible].

The explanation [illegible] partly in a strong performance [illegible] its [illegible]tershall oil [illegible] [illegible] subsidiary, and perhaps in the benefit of unexpectedly thorough [illegible] cutting. [illegible] one is left struggling to make sense of the reported figures. It [illegible] [illegible] no surprise to learn that BASF [illegible] still self-righteously fighting the tough accounting requirements of [illegible] US [illegible] exchange listing.

Hoechst's profits [illegible] the [illegible] period were 22 per [illegible] lower, with the bulk of the bad news coming in a [illegible] [illegible] quarter. [illegible] Bayer's interim profits [illegible] by just 3 per [illegible] [illegible] [illegible] [illegible] that its mix [illegible] businesses, specifically the strength [illegible] [illegible] [illegible] division, makes it the pick of [illegible] three.

As for the industry [illegible] a whole, [illegible] [illegible] [illegible] [illegible] clearly [illegible] been as bad as [illegible] feared [illegible] [illegible] year. [illegible] problem is the dull outlook. European *companies* [illegible] continued overcapacity and a confusing demand pattern for plastics and fibres, [illegible] by lower [illegible] [illegible] [illegible] [illegible] [illegible] *stronger* dollar. The German giants look well [illegible] for the longer [illegible], [illegible] it seems [illegible] little early to [illegible] *that the market should* start discounting an upturn in the industry cycl[illegible].

Williams Holdings

Anyone looking [illegible] [illegible] [illegible] in how [illegible] manage through [illegible] [illegible] [illegible] [illegible] over Williams Holdings. [illegible] philosophy [illegible] eschewing debt, carefully controlling [illegible] [illegible] buying loosely-managed companies on th[illegible] cheap [illegible] amply [illegible] in yesterday's first-half results. [illegible] revealed [illegible] astonishing gain in margins that [illegible] pre-tax profits by [illegible] per [illegible] to [illegible] in the [illegible] of stagnating [illegible].

Admittedly, part [illegible] [illegible] [illegible] was [illegible] [illegible] a first [illegible] contribution from [illegible] and Valor. Assuming it can work [illegible] margin magic [illegible] this business too, Williams' record of [illegible] profit increases [illegible] [illegible] [illegible] continue, [illegible] [illegible] the cyclical [illegible] [illegible].

The catch [illegible] [illegible] the improvement [illegible] [illegible] line will [illegible] be matched by a [illegible]sponding increase in earnings [illegible] [illegible] [illegible] the acquisi[illegible] [illegible] financed with equity. A greater problem may be [illegible] shortage of [illegible] acquisition targets.

Williams is already [illegible]trating [illegible] [illegible] in [illegible] US, but [illegible] [illegible] eventually produce [illegible] overseas [illegible]ings and [illegible] charge for unredeemable ACT. That, however, [illegible] still [illegible] long way down [illegible] [illegible]. For the [illegible] being, there [illegible] still enough prospect of organic growth to justify the share price of 345p and [illegible] multiple slightly above the [illegible] [illegible].

W.H. Smith

Yesterday's full-year [illegible] from W.H. Smith were largely discounted. Since the rights [illegible] and profit forecast [illegible] May, [illegible] [illegible] [illegible] outper[illegible] by 17 per cent. Th[illegible] £11.2m pension fund contribution [illegible] profits was expected, but it stood out all the same, as did the near 9 per cent divi[illegible] increase. As [illegible] demonstration of confidence in resurgent consumer spending, th[illegible] payout [illegible] a little [illegible].

OECD finds UK skills shortages

By Peter Marsh, Economics [illegible]

BRITAIN [illegible] to tackle skills shortages throughout the economy if it is to gain the maximum benefits from membership of the European exchange rate mechanism, according to a study released today by the Organisation for Economic Co-operation and Development.

In [illegible] annual report [illegible] the UK, the 24-nation body says that Britain's entry into the ERM last October provided a "powerful force" to achieve low inflation and put the economy on a sound footing for the 1990s.

But management skills in Britain "have been slow [illegible] adapt [illegible] a more competitive world environment", and the proportion of teenagers who leave school without formal qualifications is "extraordinarily high".

Like several other recent surveys of the UK economy, the OECD report foresees [illegible] modest recovery from the recession later this year, with [illegible] sustained growth in [illegible]. Unemployment is likely [illegible] rise from 2.4m to [illegible] at about 2.65m by mid-1992.

The OECD [illegible] the [illegible] of ERM entry appear already to be working in forcing workers [illegible] [illegible] to lower wage increases and in bringing down retail price inflation – which the UK government expects to fall to an annual rate of [illegible] per cent by December.

The OECD's report [illegible] [illegible]ally bullish [illegible] longer-term prospects for British industry, despite evidence of "persistent shortages" of skilled labour.

Although the OECD [illegible] the UK made "significant progress" in improving the structure of its economy in the 1980s, it believes [illegible] needs to be done. Areas [illegible] [illegible] further attention include improving [illegible] efficiency of public [illegible]tor services, and in ironing out distortions in the [illegible] system [illegible] may discourage savings.

The report [illegible] [illegible] the [illegible] public-sector borrowing requirement, projected by the Treasury at £8bn ($13.4bn), [illegible] be higher because of extra public spending [illegible] by [illegible] [illegible].

Details, [illegible] 8
Editorial Comment, Page [illegible]

Russia, Ukraine sign pact

[illegible] from Page 1

of the fact that some [illegible] declared independence.

In its fourth day of a special session, the Union Supreme Soviet yesterday suspended [illegible] operations of [illegible] Communist party. The [illegible] had been expected [illegible] leaves [illegible] Soviet Union without [illegible] the legal trace of a party which has dominated [illegible] for [illegible] years.

[illegible] other developments yesterday:

● In Baku, [illegible] *Azerbaijani* capital, thousands of demonstrators surrounded an [illegible] [illegible] meeting of the Supreme Soviet, demanding [illegible] suspen[illegible] of presidential elections timed [illegible] early [illegible] month and calling for [illegible] nationalisation of all Communist property.

The republic's government, still [illegible] by a hard-line Communist party, had welcomed [illegible] declaration of [illegible] week's *coup*.

■ At a meeting of leaders of [illegible] Russian autonomous republics, only 10 of the 16 agreed [illegible] the [illegible] union treaty [illegible] be signed by Russia on [illegible] [illegible] [illegible] all – [illegible] rest, led by Tatarstan, refused.

● *Papers confiscated from a* fleeing Central Committee bureaucrat are said to show that [illegible] party had funded [illegible] *ident Saddam Hussein* [illegible] the tune of [illegible] while a government commission [illegible] discov[illegible] that the party [illegible] its [illegible] distillery in Tatarstan.

● The first secretary of the Ukrainian Communist party, [illegible] Sergei Gurenko, was charged with complicity [illegible] [illegible] [illegible].

Lloyd's counters US challenge

Richard Lapper in London

THE AUTHORITIES [illegible] Lloyd's, the international insurance market, took the offensive yesterday in a legal [illegible] with disaffected [illegible] Names.

Lloyd's started procedings in [illegible] Commercial Court in London seeking injunctions to restrain two lossmaking US Names – the individuals whose capital backs underwriting on the market – from pursuing actions to [illegible] Lloyd's in [illegible] US courts.

Lloyd's argues that the UK [illegible] the [illegible] jurisdiction [illegible] any dispute.

The Names allege Lloyd's violated [illegible] 1933 Securities Act offering investments – [illegible]bership of Lloyd's – to Americans without registering with the Securities and Exchange Commission (SEC).

In London, meanwhile, Chat[illegible] – [illegible] independent [illegible] that analyses Lloyd's [illegible] – accused Lloyd's of London of "playing down" [illegible] scale [illegible] dif[illegible] [illegible] by Names.

A survey by Chatset indicates [illegible] over [illegible] quarter of [illegible] could [illegible] [illegible] £50,000 [illegible] [illegible] [illegible] in insurance losses in 1991. The survey warned that Names faced "more pain" next [illegible] when overall losses could rise [illegible] £1.3bn.

[illegible] than 2,000 of [illegible] individuals [illegible] based in the US. Lloyd's [illegible] operated in the [illegible] on the assumption that Lloyd's membership was exempt from registration under a special regulation designed to allow [illegible] *businesses* [illegible] *raise capi*tal more easily. Concern at Lloyd's has been heightened by news [illegible] the [illegible] [illegible] began [illegible] *informal investigation* into [illegible] activities of Lloyd's in [illegible] [illegible] [illegible] [illegible] [illegible].

Although the [illegible] [illegible] represent a *small minority of the* market's total [illegible] 26,500, [illegible] of them commit relatively large amounts of capital [illegible] [illegible] market and Lloyd's, which [illegible] the loss of at least 3,000 Names this year [illegible] keen to retain their backing.

Lloyd's also [illegible] [illegible] [illegible] [illegible] quarter of its premium [illegible] from [illegible] US and fears that bad publicity could dam[illegible] its prospects there.

Names face losses, Page 8

Anglo-US aid package

[illegible] from Page 1

[illegible] Bush, who has faced [illegible] criticism for his cautious response [illegible] events in the Soviet Union, [illegible] he [illegible] resist taking actions which *might* be *considered* provocative [illegible] interfering in domestic Soviet politics.

He again passed up an opportunity [illegible] *extend diplomatic* recognition [illegible] [illegible] [illegible] republics, and indicated he would [illegible] action from from [illegible] Supreme Soviet, [illegible] might [illegible] [illegible] until Monday.

"We have urged [illegible] [illegible] [illegible] stand against [illegible] wind [illegible] change, [illegible] [illegible] [illegible] leadership act accordingly," [illegible] Bush said.

Both leaders appeared to have developed [illegible] solid, friendly working relationship since Mr Major arrived [illegible] Maine on Wednesday. [illegible] [illegible] paid [illegible] to [illegible] Major's chairmanship of [illegible] G7 [illegible]ing [illegible] July which rejected [illegible] plea from Mr Gorbachev for [illegible] of [illegible] aid.

Mr Major [illegible] [illegible] finan[illegible] [illegible] [illegible] [illegible] [illegible] required a credible economic reform programme [illegible] [illegible] commitment [illegible] the Soviet Union [illegible] [illegible] planned cuts in [illegible] military budget.

Both [illegible] said one of [illegible] [illegible] pressing needs [illegible] for [illegible] about what was [illegible] in [illegible] Soviet Union [illegible] how [illegible] the [illegible] [illegible] help. Mr Bush spoke of "monumen[illegible] changes" which involved "enormously complex [illegible] of relationships" between the [illegible] [illegible] Soviet authorities [illegible] [illegible] republics.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	29	84	[illegible]	R	15	59	Caracas		–	–	Faro	S	24	[illegible]	Islamabad		–	–
Algiers	[illegible]	[illegible]	88	[illegible]	F	24	75	Casablanca	F	25	77	Florence	C	29	84	Istanbul	F	23	73
[illegible]	S	20	68	Bombay	F	30	86	Chicago	S	23	73	Frankfurt	S	22	72	Jakarta		–	–
[illegible]	F	[illegible]	81	Bordeaux	F	[illegible]	88	Cologne	S	21	70	[illegible]	[illegible]	25	77	Jersey	[illegible]	21	70
Bahrain	S	35	95	Boulogne	S	[illegible]	68	Copenhagen	S	19	66	Gibraltar	S	[illegible]	[illegible]	Johannesburg	S	26	79
Bangkok		–	[illegible]	[illegible]	S	19	66	Corfu	S	28	82	Glasgow	S	21	70	Lima		–	–
[illegible]	[illegible]	28	82	Budapest	F	[illegible]	68	Dallas	S	24	75	Helsinki	F	20	68	Lisbon	C	24	75
Beirut	F	28	82	Buenos Aires		–	–	Dublin	[illegible]	23	73	Hong Kong	S	28	82	London	[illegible]	21	70
Belfast	[illegible]	23	73	Cairo	F	32	90	[illegible]	S	25	77	[illegible]	F	20	68	Los Angeles	S	17	63
[illegible]	T	[illegible]	64	Cape Town	F	15	59	Edinburgh	S	24	75	Inverness	F	21	70	Luxembourg	S	22	72

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	F	26	79	Milan	S	26	79	Nicosia	S	[illegible]	82	Salzburg	F	16	61	[illegible]	S	26	79
Madrid	S	30	86	[illegible]	S	19	66	Oporto	[illegible]	[illegible]	73	[illegible]	C	14	57	Tokyo	F	25	77
Majorca	S	33	91	[illegible]	C	16	61	Oslo	S	21	70	Seoul	F	31	88	Toronto	S	21	70
Malaga	F	29	84	Munich	F	18	64	Paris	[illegible]	24	75	Singapore		–	–	Tunis	S	34	93
Malta	S	31	[illegible]	Nairobi	F	26	79	Peking	[illegible]	26	79	Stockholm	F	18	64	Valencia	S	34	93
Manchester	S	22	72	Naples	F	28	82	Prague	F	[illegible]	61	Strasbourg	S	24	75	Venice	S	[illegible]	79
Manila		–	–	Nassau		–	–	Reykjavik	C	[illegible]	48	Sydney	S	16	61	Vienna	F	20	68
Melbourne	F	15	59	New Delhi	F	27	81	[illegible]	S	[illegible]	82	Taipei		–	[illegible]	[illegible]	F	19	66
Mexico City		–	–	New York	S	26	79	Rio de Janeiro		–	–	Tangier	F	26	79	Washington	S	25	77
Miami	F	27	81	Nice	[illegible]	[illegible]	82	Rome	S	27	81	Tel Aviv	F	28	82	Zurich	S	22	72

Temperatures at midday [illegible] C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet [illegible] T–Thunder

FINANCIAL TIMES SURVEY

There are several serious obstacles to export-led expansion, Page 3

ZIMBABWE

Africa's grandest tourist attraction looks like a building site, Page 6

SECTION III

Friday August 30 1991

President Robert Mugabe has turned his back on the idea of socialist transformation in favour of a market-driven economy. But while structural adjustment fills the economic vacuum there is a lack of political innovation by the ruling party. **Tony Hawkins** reports

Remodelling the economy

Tobacco auction in [illegible]: [illegible], who are enjoying unparalleled prosperity as [illegible] soar, are the privileged [illegible] in Zimbabwe [illegible]

Picture: Glyn Genin

ZIMBABWE'S 12-year flirtation with socialism is limping to a [illegible] amid high expectations, certainly in [illegible] and government, of [illegible] days to [illegible]. *Not* [illegible] the country's *post*-independence economic performance [illegible] been poor; real gross domestic product [illegible] annually [illegible] the [illegible] per [illegible] *annual* [illegible] *for sub-Saharan* Africa, and enough [illegible] ensure a marginal improvement in real income [illegible] head.

[illegible] could, [illegible] have done much better. Agricultural *growth has* [illegible] behind the 3 per [illegible] of population increase; investment [illegible] lower [illegible] when [illegible] economy [illegible] buffeted by [illegible] war; unemployment [illegible] *fivefold and* [illegible] at 25 per [illegible] workforce. Only a third of the 162,000 [illegible] resettled by [illegible] have been relocated, while [illegible] record of resettlement varies from mediocre [illegible] *downright* [illegible].

By reluctantly embracing a donor-funded, five-year structural adjustment programme (SAP) designed [illegible] market-driven economy, President Robert [illegible] back on the heady rhetoric of "socialist transformation" [illegible] dominated [illegible] immediate post-independence years. The twin pillars of [illegible] *omy* and the *one*-party state, around which [illegible] ruling [illegible] u-PF party built [illegible] political philosophy, [illegible] being discarded. [illegible] while [illegible] fills [illegible] economic vacuum, [illegible] political [illegible] *devoid of* [illegible] thinking. The voters certainly [illegible] so – evidence the widespread apathy and low [illegible] local [illegible] month.

Having [illegible] its [illegible] brand of *Marxist-Leninism, always* [illegible] *rhetoric than* reality, [illegible] rely on [illegible] apartheid issue [illegible] the spectre of external threat, [illegible] no clear [illegible] of future direction. Structural adjustment [illegible] vote-winner *and party leaders* [illegible] *all* [illegible] they no longer command anything like the [illegible] support enjoyed in the 1980 [illegible] elections. Marginalised groups – the educated unemployed, *students,* [illegible] *tuals,* [illegible] peas[illegible] – are increasingly [illegible] government. Ominously, [illegible] issue likely [illegible] unite such [illegible] parate interests is opposition [illegible] economic reform.

A leading academic, Jonathan Moyo, [illegible] "SAP is foul [illegible] already poor, [illegible] jobless [illegible] the [illegible] large", contrasting this with "the wonderful [illegible] poor [illegible] *typify* Zanu-PF's socialist rhetoric . . ." Such criticism [illegible] the heart [illegible] – unfulfilled expectations.

There [illegible] those, notably [illegible] business, who [illegible] *economic* [illegible] as [illegible] *solution. Politicians* are [illegible] realistic; a [illegible] member [illegible] ruling politburo (the central committee/politburo syndrome has outlived *Marxism in Zimbabwe*) *warns* [illegible] *public* [illegible] unless [illegible] checked. A majority [illegible] government [illegible] spoken against [illegible].

[illegible] reform does push the growth [illegible] above [illegible] by [illegible], *unemployment will* [illegible] by the [illegible] century. [illegible] invested [illegible] past [illegible] generated 40,000 [illegible] jobs. Creating formal [illegible] employment for upwards [illegible] 200,000 school-leavers each year implies *investment of* US$3.75bn annually – [illegible] per cent of [illegible] – [illegible] simply untenable.

Such [illegible] strengthen [illegible] economic reform while pinpointing the short[illegible] *of left-wing* [illegible] [illegible] SAP [illegible] since the country [illegible] obviously [illegible] basket [illegible] Zimbabwe's growth [illegible] be uninspiring, *they say,* but [illegible] country has *outshone* [illegible] *African countries that* [illegible] tural adjustment [illegible].

But precisely [illegible] it [illegible] different, [illegible] a far [illegible] chance of [illegible] the [illegible] *into* [illegible] ground [illegible] in Ghana, Tanzania [illegible] Zambia. Unlike [illegible] countries too, there is a strong private sector, a [illegible] industrial base, a [illegible] export base, [illegible] *infrastructure, a developed capital market* [illegible] plentiful, if still inadequate, supply of skills. [illegible] quarrel with [illegible] view [illegible] if SAP fails in Zimbabwe, it [illegible] going [illegible] *work anywhere in Africa.*

Structural adjustment is under [illegible] on four [illegible] and [illegible] obviously from [illegible] politics. While there is no viable alternative government in sight – [illegible] Edgar Tekere's [illegible] Unity Movement [illegible] in disarray [illegible] leadership and accusations it was funded by Pretoria – Zanu, having [illegible] to deliver on past promises, is on *the defensive. Ministers and MPs go along* with reform in [illegible] hope [illegible] will improve their electoral prospects in [illegible].

However, should it become clear [illegible] a vote-loser, there will be [illegible] for a return [illegible] *values for which "our heroes* [illegible] war". By [illegible] the party could [illegible] facing a bitter leadership con[illegible] – Mr Mugabe will [illegible] in [illegible] seventies by then – and *one* [illegible] of five presidential hopefuls, [illegible] of whom [illegible] already murmuring against SAP, will [illegible] tempted [illegible] break ranks and turn [illegible] the [illegible]nomic clock.

Inflation – now running [illegible] per [illegible] and heading higher – is a threat, [illegible] much for political as [illegible] economic [illegible]. So long as [illegible] in the [illegible] believes [illegible] better [illegible] under price control, it [illegible] *difficult* [illegible] *sell deregulation,* especially [illegible] it [illegible] – as it [illegible] – higher interest [illegible] and mortgage payments.

Implementation is a problem too; [illegible] only [illegible] a reluctance to impose unpopular measures but [illegible] government's former socialist-inspired determination [illegible] squeeze [illegible] differentials has denuded [illegible] administration of its [illegible] skills.

Above all, there [illegible] *of South* [illegible] the regional economic superpower; [illegible] only will its [illegible] sive exporters make life difficult for Zimbabwean industry but in a world of global investment decisions, South Africa [illegible] certain [illegible] be the preferred regional location for manufacturing industry.

Agriculture [illegible] mining have great potential. [illegible] illustrated by the [illegible] of tobacco, which [illegible] *doubled its share of* [illegible] income, [illegible] with potentially ominous implications for [illegible] production. Any [illegible] of the three platinum projects under investigation could *boost exports by* [illegible] *per cent*

[illegible] *government* can [illegible] public [illegible] reform act together and let farm prices rise to import/export parity levels – and there is [illegible] *movement in this direction* – the headlong rush out of controlled products into tobacco will correct itself. The land issue, under which the government [illegible] threatening [illegible] redistribute half the white-owned *farm* [illegible] *for resettlement,* is [illegible] back-burner, though the issue is [illegible] from [illegible] and will be revived by ambitious politicians.

[illegible] 1987, [illegible] economy [illegible] been growing at 4.5 [illegible] *annually* and [illegible] by surg[illegible] tobacco exports, GDP [illegible] increase by 4 per cent again in 1991. As imports [illegible] liberalised – about [illegible] per [illegible] are [illegible] on open licence – the balance of payments will swing *into substantial deficit* – [illegible] 7 per [illegible] of [illegible] – but this will be funded from capital inflows of $2.4bn over the five years, with debt service remaining manageable, [illegible] *less than* [illegible] *per cent of* exports. If targets are [illegible] this year the budget [illegible] will [illegible] cut from above 10 per [illegible] below 8 per [illegible] of GDP.

[illegible] short, economic reform *is broadly* [illegible] *there* [illegible] *slippage,* especially public sector reform, but nothing dramatic, though [illegible] inflation numbers will [illegible] a [illegible] lecture from the IMF next month. There is, however, [illegible] *reform than macroeconomics;* the country needs a culture change, [illegible] obviously in the demoralised public sector, [illegible] by "controllers" rather than "facilitators", but also [illegible] private enterprise where 25 [illegible] of blanket protection, quasi-monopoly and [illegible] regulation have undermined [illegible] entrepreneurial initiative that drove [illegible] under sanctions. Reviving that will not be easy, especially in a [illegible] *economy* in the shadow [illegible] South [illegible] $80bn [illegible].

IN THIS SURVEY

Robert Mugabe: discarded [illegible] transformation

Editorial production: Roy Terry

ZIMBABWE 2

Tony Hawkins examines the structural adjustment programme

On course for more growth

BECAUSE Zimbabwe is one of sub-Saharan Africa's most sophisticated, best balanced and [illegible] economies, it [illegible] among [illegible] last to resort to structural adjustment. The five-year reform programme, drawn up by Zimbabwean officials in close consultation with the World Bank, [illegible] a five-legged stool – macro-economic stabilisation, [illegible] liberalisation, deregulation, public sector reform and social initiatives.

Although the government committed itself to reform four [illegible] the programme was not launched until March this year when [illegible] a donor [illegible]ence in Paris, the country [illegible] promised $700m in new money over two years. Zimbabwe officials admit implementation [illegible] been slower [illegible] they would have liked, but donors are confident [illegible] accelerated implementation [illegible] discussions in Harare next month.

The programme, which will require $2.4bn in new money [illegible] the [illegible] period – [illegible] is, a further $1.7bn in addition [illegible] the [illegible] already pledged [illegible] 1991-92 – is designed to [illegible] the country's growth rate from an [illegible] per cent [illegible] year during the [illegible] to [illegible] per [illegible] by [illegible]. With population growth of just under 3 per cent, this implies a [illegible] per [illegible] of per capita income growth.

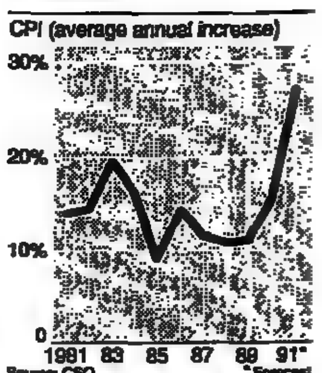
The [illegible] liberalisation target for 1991 involves putting half the country's imports [illegible] open general licence (OGIL) by [illegible] end [illegible] the year. [illegible] believe they [illegible] about half [illegible] there with about 25 per cent [illegible] imports no longer subject to import controls. The [illegible] per cent across-the-board import surcharge will start to [illegible] lowered from next year and abolished altogether by [illegible]. By that time, the average rate of tax on imports will [illegible] fallen [illegible] per cent from 29 per [illegible], while nominal protection – customs duty plus [illegible] – will be down to 14 per cent from 19 per cent.

Three main [illegible] are apparent: manufacturers [illegible] more [illegible] items, all of which are crucial [illegible] a specific [illegible] go on OGIL together. [illegible] complain that there is now more, rather than less, bureaucracy, [illegible] the requirement to register with [illegible] agencies – the trade ministry and the central bank – instead of one.

[illegible] most serious is the reluctance [illegible] donors to [illegible] funds until [illegible] have seen [illegible] timetable of import liberalisation. The Zimbabweans say – with justification – [illegible] they [illegible] commit [illegible] programme without being sure of the funding. Consequently, [illegible] threat to the 50 per cent liberalisation target [illegible] year [illegible] a shortage of foreign exchange.

Inflation

CPI (average annual increase)



Source: CSO *Forecast

Against [illegible] background of world recession, [illegible] in [illegible] wake of drought, exports are underperforming – with [illegible] shining [illegible] of [illegible] and, to [illegible] horticultural products. Officials expect the [illegible] to [illegible] the end of the year, which could mean [illegible] modest slippage [illegible] liberalisation target.

Deregulation [illegible] well on [illegible] road – most prices have [illegible] decontrolled – though [illegible] basic necessities remain on the prescribed list. Maize marketing [illegible] been partially [illegible] with yellow maize, [illegible]ghum [illegible] millet being decontrolled [illegible] agricultural marketing [illegible] are being given greater autonomy and allowed [illegible] negotiate producer prices with producers. There has been a hiccup on the labour front [illegible] the [illegible] ment insisting that [illegible] bargaining agreements between management and [illegible] be [illegible] down [illegible] six-monthly awards to curb inflationary pressures.

On the social front, retrenchment arising from adjustment [illegible] projected [illegible] fewer [illegible] – [illegible] civil servants, [illegible] from the private sector and [illegible] of [illegible] employees, totalling less than [illegible] per cent of formal sector employment. The [illegible] budget will grow faster [illegible] government spending, so [illegible] remains constant [illegible] per cent of [illegible] while in education spending will [illegible] by [illegible] per [illegible] of [illegible] 8.7 per cent. [illegible] are being introduced [illegible] primary [illegible] and cost [illegible] will yield Z$160m [illegible] year by 1995.

[illegible] though it is, the social programme does not bear [illegible] examination; compensation for less than [illegible] per cent of the formal sector work[illegible] pales [illegible] insignificance [illegible] against unemployment growth [illegible] 200,000 a year over the next [illegible]. The programme statement that with the reduction of food subsidies "there [illegible] the price of maize (the [illegible]) may rise" is a masterly understatement. The proposal [illegible] aside 20 per cent [illegible] the fiscal savings [illegible] grain subsidy reduction ($6m), [illegible] a laudable attempt [illegible] target assis[illegible] on those caught in [illegible] poverty trap, is no more than a drop in the ocean.

The [illegible] – interlinked – [illegible] in [illegible]babwe-style [illegible] adjustment [illegible] public [illegible] and [illegible]tion. The 1991 budget projects a reduction in the budget deficit [illegible] per cent last [illegible] per [illegible] in [illegible], partly by floating off the parastatals [illegible] their [illegible] burden to off-balance sheet status. The [illegible] parastatal reform remains to [illegible] though Zimbabwe accountancy [illegible] management consultant groups [illegible] advise on parastatal restructuring.

Deficit [illegible] by parastatals [illegible] by [illegible] being [illegible] cost-plus rather than a rationalisation approach; [illegible] tariffs have risen steeply in the [illegible] two years and [illegible]babwe Electricity Supply Authority (ZESA) increased [illegible] by 20 [illegible] cent, nine months after a 21.7 per [illegible] rise. Even this is not enough, and [illegible] chairman [illegible]plains the government rejected his recommendation of [illegible] 35 per [illegible] tariff increase, warning [illegible] authority will have to borrow Z$100m to service long-term loans.

Privatisation – until [illegible] a nonword in Zimbabwe – has found [illegible] to [illegible] agenda and there is growing [illegible] for the liquidation [illegible] parastatals such [illegible] Urban Development Corporation, [illegible] State Trading Corporation and [illegible] Minerals Marketing Corporation. Sadly, experience elsewhere in Africa suggests that the vested interest opposition [illegible] public [illegible] decision-making [illegible] extremely [illegible]ful. In [illegible]babwe, [illegible] top; in [illegible] Finance Minister Chidzero's [illegible] to retrench 20 per cent of public [illegible] employees, [illegible] Mugabe [illegible] recently [illegible] was no question [illegible] civil [illegible] being made redundant. Instead, they would be "redeployed".

The cabinet [illegible] considering a one-third reduction in [illegible] government ministries – including the abolition of the redundant ministry for political [illegible].

Equally [illegible] lisation – with escalating inflation, and [illegible] plummeting exchange rate, potent [illegible] reform. The structural adjustment programme projects inflation of 16 per cent annually, but in [illegible] half of 1991 consumer prices rose 24 per cent and the trend [illegible] pointing strongly upwards. [illegible] input [illegible] per cent in the [illegible] to [illegible] while the money supply [illegible] up by more than a third. A depreciating Zimbabwe dollar – down 20 per [illegible] on [illegible] trade-weighted basis in the past year – will intensify inflationary pressures. [illegible] interest [illegible] are substantially negative and [illegible] increase is imminent.

Problems of stabilisation and public sector reform aside, structural adjustment in Zimbabwe is broadly on course.

KEY FACTS

Area	390,759 sq km
Population	9.5m
Head of State	Robert Mugabe
Currency	Zimbabwe dollar
Average exchange rate	1990 US$1 = Z$2.448
Average exchange rate	1991 US$1 = Z$3.0184

ECONOMY

	1989	1990
Total GDP (Z$m)	11,272	13,029
Real GDP growth[1]	+4.5	+1.9
GDP per capita (US$)	670	670
Consumer prices[1]	+11.6	+15.5
Mining production[1]	+4.2	+0.7
Manufacturing production[1]	+5.6	+5.3
Reserves minus gold ($m)	94.6	149.2
Narrow money growth[1]	+18.9	+26.9
Govt bond yield (% pa, avg)	14.0	15.2
Gross external debt (US$bn)	2.85	2.85
Debt service ratio (%)	21.3	24.5
Govt deficit (Z$m)	−1,143	−1,597
Current account (US$m)	−90	−185
Exports (US$m)	1,680	1,690
Imports (US$m)	1,320	1,335
Trade balance (US$m)	360	355
Main trading partners (1987)[2]	Exports	Imports
US	6.8	9.4
South Africa	9.8	20.8
West Germany	10.2	8.7
UK	12.9	11.5

Notes: 1 Year-on-year percentage increase. 2 Breakdown presents percentage shares of each category

Source: IMF, Datastream, Economist Intelligence Unit, Zimbabwe SAP

The post-independence investment record is disappointing

Few signs of improvement

INCREASED [illegible] exports [illegible] the success of [illegible] reform. Zimbabwe's post-independence [illegible] a disappointing [illegible] investment averaging [illegible] cent of [illegible] domestic product (GDP). Indeed, in [illegible] investment fell [illegible] 12 [illegible] GDP at [illegible] was barely adequate to cover depreciation, though [illegible] a recovery. [illegible] is [illegible] of any improvement in direct [illegible] which was modestly neg[illegible] during the 1980s.

The [illegible] Centre [illegible] set [illegible] part of a package [illegible] measures designed [illegible] boost investment, along with new incentives, including an export retention scheme and improved conditions for remitting dividends. [illegible] signs are [illegible] policy is beginning [illegible] reap benefits, though the [illegible] acting director, Mr Richard Wilde, who is [illegible] deputy-governor of [illegible] central bank, [illegible]cedes that after two years, the ZIC "has [illegible] yet [illegible] envisaged [illegible]".

Mr [illegible] blames the [illegible]try's poor investment performance [illegible] – the foreign exchange constraint, price controls, labour market restrictions, bureaucratic delays [illegible] over the [illegible] of [illegible]. Most of these problems are being tackled – [illegible] decontrolled, labour markets [illegible]regulated and [illegible] established [illegible] serve as [illegible] one-stop investment agency thereby eliminating bureaucratic delays.

The problems of foreign exchange and [illegible] of dividends will be [illegible] only as and [illegible] export growth takes off. The foreign currency bottleneck continues to constrain the [illegible] of the centre [illegible] is [illegible] – on its own – to approve projects that will require ongoing [illegible] of foreign exchange. Where a project [illegible] than [illegible] ($4m) [illegible] specified export criteria, [illegible] ZIC can usually give approval [illegible] within 90 days. The same applies [illegible] projects, regardless of size, [illegible] from [illegible] International Finance Corporation's line of credit or that pro[illegible] by [illegible] Development Bank. [illegible] approvals [illegible] delayed where [illegible] to secure [illegible] agreement of gov[illegible] departments required [illegible] guarantee future foreign currency allocations.

Legislation will [illegible] be passed [illegible] establish [illegible] ZIC as [illegible] independent authority [illegible] powers to approve projects and [illegible] promotion. It will fulfil [illegible] functions – a project appraisal role [illegible] will [illegible] phased [illegible] time and [illegible] promotional [illegible] will [illegible] responsibility.

In [illegible] first year, [illegible] approved [illegible] projects but [illegible] activity [illegible] considerably in the second year with approvals of more than Z$1.4bn. This reflects [illegible] streamlining [illegible] procedures and [illegible]tion of investment rules in [illegible]. Some 300 projects [illegible] now been approved of which 60 [illegible] are new and [illegible] per cent expansion projects. [illegible] bulk of the projects (60 per cent) [illegible] locally.

Fixed capital formation [illegible] % of GDP

1980	15.3
1981	18.6
[illegible]	[illegible]
[illegible]	18.9
1984	15.6
[illegible]	11.9
1986	[illegible]
1987	14.0
1988	15.6

Source: Central Statistical [illegible]

[illegible] of the foreign investment [illegible] undertaken by foreign firms already operating in [illegible] some important new foreign investors especially in mining, notably platinum. Most new projects are in the manufacturing sector, though mining exploration is also a priority. It is estimated [illegible] the 300 pro[illegible] will boost export earnings by Z$1bn annually.

But [illegible] disturbing aspect of the projects approved to date is [illegible] that $2bn of [illegible] will [illegible] only [illegible] new jobs. [illegible] implication is that to accommodate up [illegible] 300,000 [illegible] flooding the labour [illegible] year, Zimbabwe needs to invest Z$10bn annually or approximately three-quarters of 1990 GDP. The obvious conclusion is that increased investment, on its own, will not solve Zimbabwe's fast-worsening unemployment crisis.

Tony Hawkins

Manufacturing has been the main source of national economic growth

Drive to lift exports hits obstacles

"CHANGE is opportunity," says a young Zimbabwean industrialist, optimistic that [illegible] bureaucracy's heavy hand [illegible] *longer on* [illegible] *shoulder*, [illegible]ufacturing will respond [illegible] the challenges and openings created by economic reform. After four years [illegible] stagnation immediately [illegible] independence, manufacturing value-added (MVA) has [illegible] than 5 per [illegible] a [illegible] since [illegible] and has been *the main source of national economic growth* accounting for one [illegible] of the [illegible] in [illegible] domestic product (GDP). Growth has [illegible] fastest in the [illegible] sector [illegible] a year in volume [illegible] and slowest in furniture and wood products [illegible] output [illegible]ed *12* per [illegible] during the 1980s and in metals, with growth averaging 1 [illegible] annually.

[illegible] calculations, Zimbabwe ranks [illegible] sub-Saharan Africa's third largest industrial [illegible] (excluding [illegible] Africa), after Nigeria and Cameroon. Zimbabwe's share [illegible] regional [illegible] mated [illegible] per cent, compared with 20 [illegible] Nigeria and Cameroon's [illegible] cent. [illegible] claim to [illegible] the region *with manufacturing accounting for* [illegible] *quarter of* GDP [illegible] year – *easily* [illegible] *than double* [illegible] average of only 11 per cent, and [illegible] above Nigeria's [illegible] cent and Cameroon's [illegible] cent.

[illegible] advanced [illegible] manufacturing could become [illegible] thing of [illegible] problem [illegible] quarter of [illegible] century of direct controls [illegible] protectionism is partially dismantled. If manufacturing [illegible] under [illegible] structural adjustment programme (*SAP*), expanding [illegible] *than GDP*, [illegible] *share of output will soon* [illegible] and Singapore, [illegible] *per cent. It is doubtful* [illegible] this [illegible] growth pattern [illegible] [illegible] a breakthrough [illegible] export-led industrial growth.

There are several [illegible] obstacles to export-led expansion: industry has largely been shut [illegible] from international competition for 25 [illegible] sector's capital stock [illegible] updating and replacement; skills [illegible] in short supply; markets in neighbouring territories – [illegible] South Africa – are small [illegible] invariably highly protected; [illegible] not large enough [illegible] scale economies. [illegible] perhaps the *greatest* [illegible] *is* [illegible] competition [illegible] South Africa, *whose MVA* [illegible] *that of the* [illegible] *ran region and* [illegible] to be an aggressive competitor in regional [illegible] given its urgent [illegible] expand [illegible] gold exports.

At present, [illegible] exports are substantially commodity-based with limited domestic [illegible] value – ferrochrome, cotton lint [illegible] being [illegible] largest industrial exports. If [illegible] first two are treated as primary exports, then the share of manufactured goods in *total* exports [illegible] – [illegible] most [illegible] year for which detailed data are [illegible]able – was 16.5 [illegible] Clothing and textiles, footwear, furniture, chemicals and some machinery all have the potential to develop markets in [illegible] *region and within South* [illegible] *itself. To that end Zimbabwe is seeking to renegotiate the 1964* South African trade [illegible] so as [illegible] the existing quotas [illegible] preferential entry.

Against this export-drive background, manufacturers [illegible] puzzled by [illegible] government's decision to [illegible] the [illegible] export [illegible]. "We must be [illegible] *only country trying* to *achieve export-led* growth [illegible] has abandoned its main export incentive," [illegible] one [illegible] industrialist.

Industry's capacity to increase and broaden [illegible] export base is under threat from strong [illegible] pressures, cush*ioned – but also caused* – by a *depreciating exchange rate. The Confederation* [illegible] *Zimbabwe Industries* (CZI) which has been monitoring industrial cost increases for the past two years says the rate of input cost escalation rose from 35.6 per cent in the year to April 1990 to more than 37 per cent in the year ended April 1991.

The largest single element in input costs is local raw materials which account for 47 per *cent of the total* followed by imported inputs (22 per cent) and wages (10 per cent). It believes that this year import costs have been responsible for about a third of industry's cost inflation, with raw material costs responsible for 41 per cent and wages 8.6 per cent.

These conclusions have led it to contest the government view that wage restraint is necessary [illegible] curb inflation. Industrialists [illegible] supplyside constraints [illegible] so [illegible] more inputs are [illegible] for manufacturers [illegible] satisfy domestic [illegible].

[illegible] – well [illegible] per [illegible] – is [illegible] common to all sectors implying that the exchange [illegible] to continue to depreciate rapidly [illegible] to [illegible] internationally. [illegible] a high [illegible]tion economy [illegible] Africa's is keeping cost [illegible] cent.

The conventional [illegible] has [illegible] that *no more than a fifth to* [illegible] *quarter* [illegible] *Zim*[illegible] *manufacturing* [illegible] were *import controls* to be [illegible] and replaced by an appropriate [illegible] structure. [illegible] document [illegible] more sanguine arguing that only [illegible] 10 per cent of manufacturing will find it [illegible] adjust [illegible] the [illegible] operating environment.

The programme forecasts that exports of [illegible] – broadly [illegible] – will [illegible] in 1990 [illegible] by [illegible] – [illegible] annual growth [illegible] of [illegible] than 11 [illegible] cent, which after adjusting for [illegible] weaker dollar, [illegible] volume growth [illegible] 8 [illegible] year.

[illegible] looks a tall order, but [illegible] in [illegible]la and South Africa and [illegible] proposed establishment [illegible] export-free [illegible] could bring [illegible] w hin reach.

Even so, industrial exports are not [illegible] to grow [illegible] enough [illegible] combination of new equipment, [illegible] technologies and [illegible] new *outward-looking culture. Industrialists* [illegible] *have to pay* [illegible] *greater* [illegible] *quality* – [illegible] *imported packaging materials* [illegible] all the difference in [illegible] products which on [illegible] domestic shelves look decidedly shoddy – and service. Manufacturing [illegible] heavily concentrated and domestic competition, where [illegible] all, has been gentlemanly while foreign competitors [illegible] been shut out of the [illegible].

[illegible] there is a powerful industrialist lobby against [illegible] early opening up of the economy [illegible] competing imports on [illegible] manufacturing [illegible] breathing space to re-equip [illegible] *facing the opposition on* [illegible] *own turf.* [illegible] a – [illegible] *smaller* – lobby [illegible] manufacturing [illegible] the [illegible] of competition [illegible] improve efficiency [illegible] productivity. Without it, [illegible] export drive may come [illegible] nothing especially [illegible] the [illegible] market expan[illegible].

It's part [illegible] the conventional [illegible] the past success in industrialisation in the [illegible] and 1970s – [illegible] readily replicated. It [illegible] so, but there have been [illegible] crucial changes: many of the entrepreneurial, *managerial* and, *above all, technical* [illegible] that drove [illegible] *previous industrial cycle* [illegible] longer around. Second, and possibly [illegible] important, technology [illegible] strategy have moved on. Scale economies count for much more, managers think globally rather than nationally [illegible] *when push comes* [illegible] *shove* the South African market [illegible] a [illegible] of [illegible] US$80bn has much [illegible] than Zimbabwe's [illegible].

Tony Hawkins

The greatest threat to export-led expansion [illegible] the potential competition from South [illegible]

Rolling stock factory: Zimbabwe [illegible] sub-Saharan Africa's [illegible] largest industrial [illegible]

BUDGET

Focus on reducing deficit

HALVING the budget [illegible] by [illegible] is a prerequisite for successful adjustment [illegible] in his [illegible] *budget* [illegible] month, *Finance Minister Bernard* [illegible] knocked almost [illegible] percentage points off the deficit. In the [illegible] five [illegible], the deficit averaged almost 10 [illegible] cent of GDP, reaching 10.3 [illegible] in 1990/91, [illegible] by keeping *public* spending growth well [illegible] the projected *inflation* [illegible] Dr Chidzero *hopes* [illegible] *cut* the deficit by 8.5 per cent to Z$1.46bn.

The underlying assumptions are that in the fiscal year [illegible] June [illegible] spending [illegible] increase just [illegible] 15 [illegible] cent [illegible] *Z$9.6bn while revenue,* including aid *grants*, [illegible] *rise* far faster, growing 21 [illegible] to Z$8.2bn.

At first sight, [illegible] looks optimistic at a [illegible] when inflation [illegible] running [illegible] almost [illegible] per cent. Even if – and it's a very *big if – inflation* can be kept to [illegible] level, *the implication is that public expenditure will* fall almost 10 per cent in real terms. [illegible] seems highly unrealistic. [illegible] the other [illegible] of the coin, however, it [illegible] very likely [illegible] revenue will [illegible] forecast as fiscal drag – higher tax revenues caused by inflation – [illegible] impact. [illegible] minister has [illegible] *conservative on* [illegible] as well; [illegible] an unallocated *contingency* [illegible] finance a public service [illegible] award, while [illegible] domestic product estimates, on which the crucially important deficit/[illegible] ratio [illegible] based, look [illegible] be [illegible].

All of which [illegible] if there [illegible] public [illegible]diture *overshoot* [illegible] deficit could still [illegible] *points, and possibly more,* [illegible] the [illegible] per [illegible] registered in 1990/91. Much will depend on monetary policy; higher interest [illegible] push [illegible] the [illegible] of debt-service while the longer the exchange rate is allowed [illegible] the heavier [illegible] debt-service *burden. Furthermore, if* monetary policy is tightened to curb demand, then revenue growth will slow significantly in the first half [illegible] 1992.

The two prerequisites for sustained deficit [illegible] are public enterprise reform, [illegible] *the* [illegible] *of* subsidies, [illegible] [illegible] the civil service. The structural adjustment programme (SAP) projects [illegible] 25 per [illegible] reduction in [illegible] civil service (excluding education) which, [illegible] spite of [illegible] freeze on new *appointments, continues* [illegible] [illegible] *from* [illegible] *two* [illegible] 191,500.

In [illegible] budget speech the minister [illegible] that the phased [illegible] in [illegible] civil service which had [illegible] due to start last year was awaiting the findings of [illegible] vice-presidential task force.

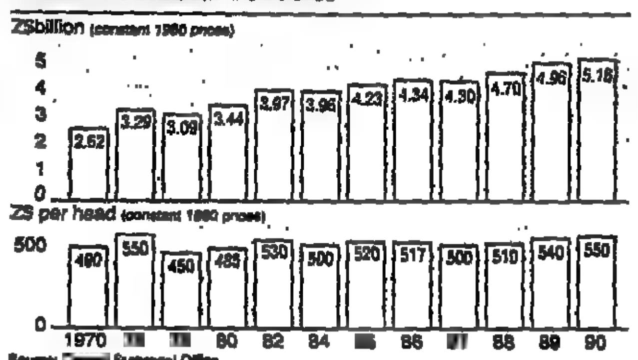
More important though will be the *elimination* [illegible] parastatal subsidies which peaked at [illegible] year. This year they have been [illegible] almost 15 per [illegible] dominated by agricultural support of [illegible], *the railways* [illegible] and Air Zimbabwe (*Z$27m*). [illegible] this [illegible] support for the state-owned steel [illegible], ZISCO, which [illegible]sified as [illegible] loan.

[illegible] onus [illegible] on the par[illegible] balance their [illegible] books, but with [illegible] government having already [illegible] producer [illegible] agreed by [illegible] marketing [illegible] and [illegible] electricity tariffs, the probability [illegible] parastatals will need more money from government *this year than budgeted.*

There is also a welcome supplyside [illegible] in [illegible] budget [illegible] the [illegible] corporate tax cut from 45 per cent [illegible] 42.5 per [illegible] (from April 1992) [illegible] the top personal rate [illegible] 55 per [illegible] from 60 [illegible] Even [illegible] personal [illegible] burden [illegible] high by international standards, [illegible] *top* [illegible] rate cutting in at an [illegible] (just [illegible] £7 000). These changes are part of the [illegible] projects [illegible] fall in the share [illegible] GDP going in [illegible] from [illegible] 33 per [illegible] by 1995.

Tony Hawkins

Gross Domestic Product



Source: [illegible] Statistical Office

Trade surplus narrows

[illegible] current [illegible] *forecast* [illegible] double during [illegible] imports increase twice [illegible] *exports thereby cutting into* [illegible] surplus. *Surging tobacco prices and* [illegible] dollar depreciation should [illegible] the country achieves its [illegible] export target [illegible] US$1.8bn, an [illegible] of 5 [illegible] cent on 1990, marking a welcome return [illegible] export growth [illegible] years of stagnation, and no mean achievement in [illegible] drought year and [illegible] time of world recession. But imports will expand twice as [illegible] narrowing [illegible] surplus to US$240m from US$355m last year.

[illegible] logic of [illegible] structural adjustment programme is [illegible] current account [illegible] – 7 per cent of GDP – *be funded from capital inflows averaging* [illegible] annually [illegible] the [illegible] period. [illegible] year, [illegible] delayed [illegible] *of the funds pledged* [illegible] *the Paris donors' meeting has forced Zimbabwe* [illegible] *raise a* US$155m bridging loan from Barclays and Standard Chartered banks along with other short-term loans, [illegible] help finance [illegible] deficit.

In the second half of the 1980s, [illegible] country's external [illegible] fell [illegible] per cent as [illegible] government [illegible] new borrowings [illegible] *squeezed imports* [illegible] *repay maturing debt.* The debt/service ratio – [illegible] *obligations* [illegible] exports of goods and services – peaked [illegible] 33 per cent in 1987, falling to 21.5 [illegible]. It [illegible] picked up again reaching 24.5 [illegible] is forecast [illegible] this level.

The export growth target [illegible] cent annually (in US dollars) [illegible] exacting one but [illegible] earnings running way [illegible] of forecast, [illegible] should [illegible] be a problem. *In* 1991, [illegible] exports [illegible] compared [illegible] target for [illegible] *of US$425m. Exports* would [illegible] a substantial [illegible] – *more* [illegible] 5 per [illegible] – should any [illegible] the three platinum projects go ahead.

The steep [illegible] of the Zimbabwe [illegible] – [illegible] per [illegible] of [illegible] trade-weighted [illegible] year and almost [illegible] per cent in [illegible] first three weeks *of August* – [illegible] *boost exports*, but [illegible] slow *capital stock refurbish*[illegible] push [illegible] production [illegible] with damaging inflationary consequences in [illegible].

Main exports 1990 (US$m)

Tobacco	[illegible]
[illegible]	235
Gold	171
[illegible]	135
Cotton	70
Steel	50
[illegible]	40

[illegible] Office of Statistics

Balance of payments [illegible]

	1989	1990	[illegible]
Exports	1,680	1,690	1,825
Imports	1,320	1,335	[illegible]
Trade surplus	360	355	240
[illegible]	−215	−265	−[illegible]
Investment [illegible] (net)	−215	−260	−265
Transfers	−20	−15	−25
Current [illegible]	−90	−[illegible]	−350
[illegible] capital	100	170	350
[illegible]	[illegible]	−15	–

* Forecast

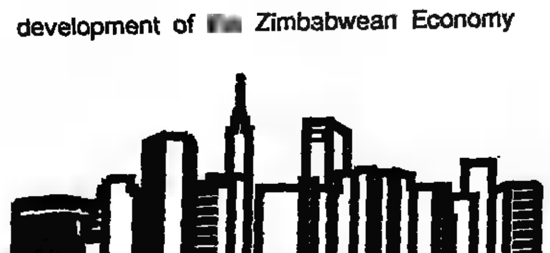
Source: Structural Adjustment Programme and estimates

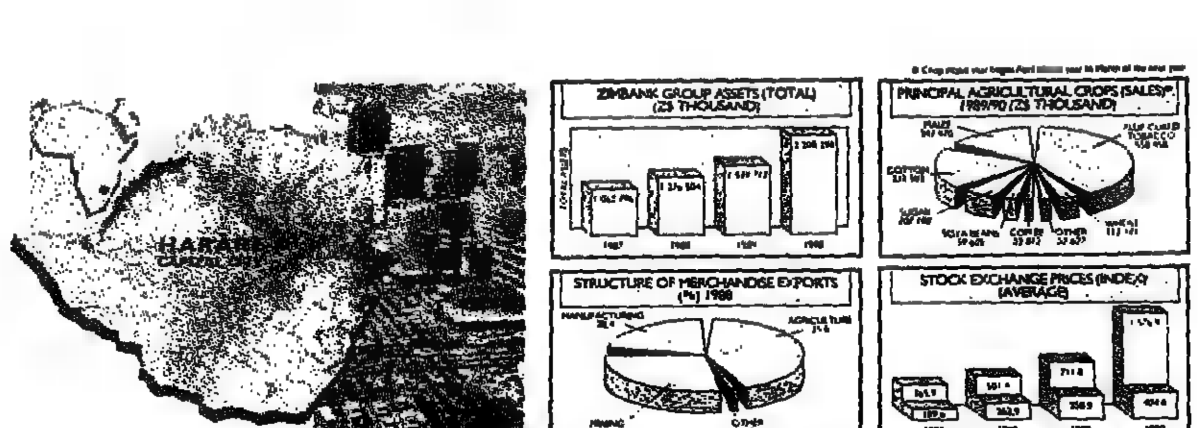
Trade-weighted index Zimbabwe dollar ([illegible] = 100)

1980[1]	122
1981	128
1982	112
1983	105
1984	100
1985	90
1986	77
1987	67
1988	65
1989	58
1990	47
1991[2]	38

1 Figures are for year end.
2 Up to August 21.

Source: [illegible]





AGRICULTURE

Locomotive loses some of its steam

Corn on the cob: [redacted] of growing [redacted] more than doubled [redacted] six [redacted]

Agricultural output (Z$m)

Year	Total production	Flue-cured [redacted]
1980	395	[redacted]
1981	723	[redacted]
[redacted]	760	[redacted]
1983	725	[redacted]
1984	973	[redacted]
1985	1,336	[redacted]
1986	1,442	[redacted]
1987	1,189	[redacted]
1988	1,740	472
1989	1,915	[redacted]
1990	2,440	[redacted]
1991*	3,450	1,720

*[redacted]

[redacted]

Maize deliveries

Year	Tonnes
1980	[redacted]
1981	[redacted]
1982	1,391,000
1983	[redacted]
1984	[redacted]
1985	1,827,000
1986	[redacted]
1987	402,000
1988	1,197,000
1989	[redacted]
1990	[redacted]
1991*	[redacted]

*[redacted]

Source: Central [redacted] Office

[redacted] mountain: women sort out onions [redacted] Hightop farm

IT IS said there are four types of farmer in Zimbabwe today, replacing [redacted] long-standing dual agricultural [redacted] commercial producers [redacted] munal or peasant farmers. Tobacco growers, who have never [redacted] it so good, [redacted] privileged class, followed by producers [redacted] other non-controlled prod[redacted] such [redacted] fruit and [redacted] wild[redacted] At [redacted] bottom [redacted] pile, are [redacted] groups [redacted] "peasant" [redacted] – large-scale [redacted] small-scale – who rely on controlled [redacted] such as maize, [redacted] for their livelihood.

At the annual Commercial Farmers Union congress [redacted] month, farmers [redacted] agriculture was [redacted] locomotive of the Zimbabwe economy. Sadly, [redacted] in pre-independence days, [redacted] was a [redacted] of stagnation. Value-added [redacted] less than 2 per cent a year which [redacted] output [redacted] head declined. Indeed, [redacted] – an above-average [redacted] – and [redacted] farming's contribution to [redacted] fell [redacted] 10 [redacted] cent. Employment in [redacted] agriculture fell by 50,000 jobs [redacted] deliveries, which averaged more [redacted] 1.1m tonnes annually in [redacted] first half [redacted] fallen by [redacted] third in [redacted] five years. Perhaps most *dramatically* [redacted] all, *flue-cured* [redacted] which accounted for less [redacted] third [redacted] income during the [redacted] will contribute a staggering 60 per cent in 1991.

Small wonder then [redacted] Jerry Grant, deputy-director [redacted] CFU, which represents the country's commercial producers, said conditions in [redacted] controlled commodity [redacted] "at an all-time low", for which he (rightly) blamed inappropriate pricing policies, while agricultural marketing [redacted] were [redacted] "an all-time high".

The grain industry, [redacted] said, had [redacted] from a [redacted] of embarrassing surplus [redacted] near-collapse; dairying [redacted] "teetering on [redacted] brink", while [redacted] production [redacted] by more than [redacted] per [redacted] Cotton [redacted] the bulk [redacted] whom [redacted] communal sector, are able to meet less than 60 per [redacted] of [redacted] demand and exports [redacted] had [redacted] be curtailed.

As for [redacted] once [redacted] have enormous export potential, [redacted] bleak. The commercially-owned [redacted] has declined from 3.2m head in the mid-1970s to 1.8m. The maximum annual [redacted] is put at 400,000 head, [redacted] bulk [redacted] which are being sold [redacted] private [redacted]toirs rather [redacted] Cold Storage [redacted] (CSC), whose prices are uncompetitive. The [redacted] likely [redacted] shrink further [redacted] government's [redacted] policy document [redacted] resettlement projecting a commercial herd of only 600,000 and [redacted] annual [redacted] of 130,000. Cattle sales by the small-scale producers could double this figure [redacted] 260,000, little [redacted] than half the 450,000 [redacted] CSC needs each year to break even.

While the [redacted] with the non-controlled sector is most dramatic in the tobacco sector, this is largely explained by [redacted] world market conditions. *For that reason* [redacted] *better comparison is* the experience [redacted] exports [redacted] from Z$4m in [redacted] a forecast Z$65m this year and Z$100m in 1992. In wildlife, more and more producers are developing private game parks and successfully exploiting tourist dollars.

Much of [redacted] blame [redacted] parlous [redacted] controlled commodity [redacted] lies [redacted] government's door; [redacted] determination to hold down retail prices [redacted] consumers and, in the case [redacted] cotton, the [redacted] manufacturers, has [redacted] in [redacted] low producer prices and large marketing [redacted] deficits. This year's deficit of the four agricultural parastatals [redacted] Z$270m [redacted] per cent of [redacted] budget deficit.

[redacted] are hopes in [redacted] industry [redacted] structural adjustment [redacted] (SAP) will [redacted] rescue; first, by restructuring [redacted] marketing [redacted] to [redacted] of [redacted] charged with running [redacted] operations on a business [redacted] But [redacted] new system had [redacted] disappointing [redacted] *when* [redacted] *minister of agriculture* insisted on reducing the prices agreed between [redacted] marketing [redacted] producers [redacted] presenting them to cabinet. At [redacted] time, deregulation [redacted] under way – coffee marketing [redacted] road [redacted] privatisation, yellow [redacted] marketing has [redacted] partially decontrolled and similar [redacted] are [redacted] for soya beans and [redacted]

Agriculture hopes, too, [redacted] as [redacted] of [redacted] inputs go [redacted] open import [redacted] the [redacted] rise in input costs [redacted] be restrained. *Certainly the farmers* [redacted] not all one in resenting the [redacted] mark-ups and "take-it-or-leave-it" attitude [redacted] suppliers [redacted] enough to have import [redacted] A CFU green paper on farm viability [redacted]*onstrates* [redacted] *costs* [redacted] *growing a* [redacted] of maize have risen [redacted] per cent [redacted] 1985 – more than double the [redacted] in income received of 50 per [redacted] It is [redacted] surprising then that in the [redacted] 10 years, [redacted] have [redacted] per cent in [redacted] areas and 35 per cent in the case of small-[redacted] growers.

[redacted] in [redacted] sectors, [redacted] is [redacted] substantial backlog [redacted] demand [redacted] capital equipment which the [redacted] should help solve. The average [redacted] the [redacted] fleet is almost 14 years and the annual replacement [redacted] is put [redacted] – three times [redacted] likely allocation for [redacted] Indeed, bureaucrats in government and [redacted] agencies [redacted] themselves [redacted] in their own red tape that capital equipment imports under the [redacted] Bank/IFC [redacted] (which [redacted] 10 [redacted] by [redacted]ing new equipment), [redacted] four [redacted] arrive.

But the SAP will not be an unmixed blessing for farmers; higher [redacted] will [redacted] the [redacted] bur[redacted] *that is increasingly a problem, out*[redacted] tobacco, given [redacted] dependence [redacted] loan capital. It's [redacted] to keep their hand [redacted] pricing tiller, fearing [redacted] political [redacted] should food prices [redacted] ahead [redacted] increases [redacted] is inevitable. Indeed, [redacted] say the pre-planting producer price for [redacted] of Z$325 a tonne for 1991/2 is $100 [redacted] is required. If it's a poor – or late – [redacted] then [redacted] may well get more [redacted] maize [redacted] the producer price could be [redacted] in [redacted] meantime, [redacted] will have to be imported and farmers eyeing [redacted] gap [redacted] the gross income [redacted] a [redacted] on [redacted] and virtually 10 [redacted] that [redacted] – Z$14,600 [redacted] hectare – will [redacted] *to move out of maize with* potentially [redacted] implications for long-run food security. In the words of a leading grain producer: "It is [redacted] suicide to produce maize for sale to the Grain [redacted] Board."

All of which underlines the importance not just [redacted] getting relative prices and incentives right, but ensuring competition on [redacted] input side [redacted] costs [redacted] improve the quality [redacted]

Tony Hawkins

Turning over new leaves: workers grade tobacco

Domestic tobacco price has risen by 60 per cent

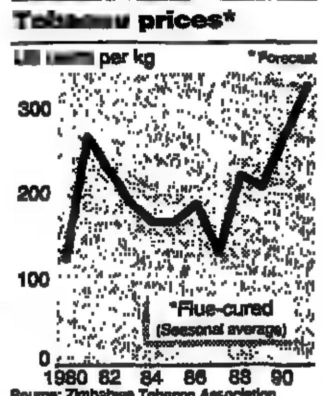
Farmers are enjoying unparalleled prosperity

ZIMBABWE'S best hope of reaching its export targets in [redacted] future [redacted] with tobacco which [redacted] enjoying unparalleled [redacted] conditions. [redacted] mid-August with 70 per [redacted] crop sold, the flue-cured [redacted] price [redacted]aging 1,033 Zimbabwe cents a kilogram – [redacted] cent higher than [redacted] year. In hard [redacted]rency terms, [redacted] improvement [redacted] far [redacted] dramatic – in [redacted] cents the price has [redacted] by [redacted] *quarter* from [redacted] year's [redacted] cents [redacted] 320 cents. In [redacted] currency, [redacted] exports were [redacted] per [redacted] in [redacted] months [redacted] increasing 25 [redacted] in [redacted]

No-one [redacted] where [redacted] price will end the season in [redacted] In [redacted] July, the buyers – complaining that *Zimbabwe was in danger* [redacted] pricing itself [redacted] market – abandoned their agreed ceiling of 1,299 cents a kg (390 US cents) and [redacted] price took [redacted] Zimbabwe dollar depreciating rapidly and bank credit available at substantially negative real interest [redacted] buying leaf had become something [redacted]lation. Exports are moving slowly and some government [redacted] tobacco merchants of speculating against their own currency – buying leaf, borrowing [redacted] – at [redacted] real [redacted] rates and holding the [redacted] while the Zimbabwe dollar price rises.

This could yet turn out [redacted] be a dangerous game. "[redacted] treated the tobacco industry [redacted] kid gloves [redacted] long," mutters one government official. In mid-August the cen[redacted] bank was holding more than Z$300m in rediscounted tobacco paper – in other words it [redacted] technically funding exports, albeit with an unknown element of specula[redacted] stockpile [redacted] as well. Higher interest [redacted] will [redacted] some [redacted] speculative margin while [redacted] must also be anxious to put an end to the *one-way speculation* in Zim[redacted]

While currency depreciation has undoubtedly been one factor driving [redacted] price, the main [redacted] by [redacted] been strong world demand at a time of low stocks. Since 1982 consumption growth [redacted] per cent a year has outpaced production growth of 1.8 [redacted] cent. International stocks [redacted] flue-cured [redacted] are [redacted] than a year's *supply* – [redacted] months in [redacted] Short [redacted] in [redacted] main producing countries, especially Brazil and [redacted] US, [redacted] depletion of the [redacted] stockpile [redacted] 1990 [redacted] in demand [redacted] Europe [redacted] especially the [redacted] Union *help explain the* [redacted] *price* surge.



Source: Zimbabwe Tobacco Association

Opinions on future [redacted] vary; [redacted] Tobacco Association, which represents the growers, [redacted] cautious, believing that [redacted] be [redacted] return to global demand/supply balance within two to three years. It warns growers that the prosperity is likely to be temporary, but a recent Economist Intelligence Unit report is *more upbeat arguing that the* world – apart from China – will be consuming more [redacted] produces. It says leaf prices will be less volatile than [redacted] of other commodities and will retain their [redacted] while [redacted] commodity prices [redacted]

[redacted] 1995, says [redacted] EIU, [redacted] will be [redacted] that tobacco production needs to grow fas[redacted] By [redacted] the World [redacted] latest commodity price [redacted] sees [redacted] prices – in [redacted] US dollars – falling [redacted] per cent in the first half [redacted] 90s.

[redacted] to [redacted] doubts; [redacted] number of grower registrations is [redacted] 50 per [redacted] from [redacted] 2,250 in [redacted] many [redacted] these could be *small-scale producers* growing up [redacted] 600 hectares. Depending on [redacted] weather, the [redacted] from [redacted] this year [redacted] in [redacted] rising [redacted] 200m by [redacted] This would leave the country ranked fourth in [redacted] world in [redacted] production after China, [redacted] and Brazil, and third in [redacted] export league [redacted] the US and Brazil.

[redacted] traders forecast [redacted] average price [redacted] almost Z$11 [redacted] kg this year putting a value [redacted] about Z$1.75bn on [redacted] production – double last year's $866m. Flue-cured exports should be worth Z$2bn [redacted] third [redacted] exports.

Many question [redacted] desirability of [redacted] dependence on tobacco, especially should it [redacted] – as elsewhere – [redacted] reduction in [redacted] production and the [redacted] of [redacted] two-tier farm [redacted] of tobacco [redacted] and food producer have-nots. *Within the industry, too, there* are [redacted] that [redacted] "concertinaing" [redacted] prices – similar prices being paid for [redacted] different qualities – bodes ill for the future of an industry, which owes its [redacted] under[redacted] and its subsequent success, to [redacted] on quality [redacted] niche [redacted] In the words of one grower: "If [redacted] lose that quality edge, [redacted] are in trouble."

Tony Hawkins

هكذا من الأصل

Philip Gawith on the resurgent Zimbabwe Stock Exchange

Remarkable rehabilitation

LOCATED in two drab [redacted] on the sixth floor of [redacted] Harare high-rise, the Zimbabwe [redacted] Exchange [redacted] [redacted] [redacted] exactly a landmark presence. Its per[redacted] however, [redacted] enough to make even [redacted] most [redacted] sit up and take notice. Driven by a high octane mix [redacted] inflation and buoyant b[redacted] and political confidence, the ZSE [redacted] enjoying a remarkable [redacted] following the [redacted] days of the mid-80s when trading ground almost to a complete halt.

By mid-August the industrial index had climbed to 2725, up from 2282 at the end of 1990 and 869 at the end of 1989. The first seven months of 1991 saw [redacted] value and [redacted] traded [redacted] the levels achieved in [redacted].

The market [redacted] not [redacted] big [redacted] – the listing in September [redacted] the [redacted] group UDC will bring [redacted] companies to [redacted] listed mining shares. The industrial companies [redacted] capitalised [redacted] Z$7.9bn and the mining companies at [redacted]. This compares [redacted] market capital[redacted] in 1985.

Companies have [redacted] slow in taking advantage of [redacted] buoyant market conditions. In [redacted], when the tobacco group Tabex [redacted] listed, [redacted] listing in eight years. Since then there [redacted] been [redacted] in [redacted]ings, rights [redacted] bonus [redacted] raised through new listings and r[redacted] issues [redacted] of the year [redacted] something like 11 rights issues [redacted] listings. [redacted] industrial [redacted] yield [redacted], the [redacted] offering [redacted] cheap [redacted] of raising finance. Mr Doug Old, of [redacted] Edwards and Co, says he hopes to see the total of listed [redacted] rise [redacted] 100 in [redacted] years.

The high-water market of the [redacted] flotation [redacted] June [redacted] per [redacted] of Barclays [redacted] of Zimbabwe. [redacted] first listing of [redacted] bank [redacted] ZSE for 18 years, [redacted] remarkable [redacted] First, [redacted] oversub[redacted] people subscribing [redacted] nearly Z$300m [redacted] shares. Second, [redacted] bank [redacted] out of its [redacted] to [redacted] popular capitalism by reaching [redacted] small man. It did [redacted] by setting a low issue price [redacted] 155 [redacted] – the [redacted] quoted [redacted] 250 cents on its first day – and by setting [redacted] about 15 per cent of the issue for partly [redacted] shares, with only [redacted] cent of the price having [redacted] be paid on application. This innovation [redacted] limited [redacted] in attracting first-time, [redacted] investors, but the [redacted] of [redacted] being repeated in future with greater [redacted] be good.

Zimbabwe Stock Exchange				
Year	Value Z$m	Volume	Industrial [redacted] end December	Mining index end [redacted]
1980	91.56	45.34	477.77	207.36
1981	86.89	38.49	227.70	53.16
1982	57.01	20.91	136.13	[redacted]
1983	64.95	16.46	123.84	[redacted]
1984	18.06	25.68	122.73	[redacted]
1985	13.79	24.57	251.91	92.18
1986	19.66	21.86	286.30	116.70
1987	37.44	42.99	450.05	[redacted]
1988	69.67	55.62	552.61	[redacted]
1989	75.26	39.20	869.13	[redacted]
1990	125.56	58.67	2282.55	412.72
[redacted]	127.29	63.96	2725.59²	314.67²

1 Up to July; 2 On August 13. Before 1984 the turnover included external dealings

[redacted] Exchange

The alarming [redacted] in [redacted] inflation rate, [redacted] per cent, [redacted] undoubtedly [redacted] sig[redacted] force driving th[redacted] mar[redacted] upwards [redacted] Z[redacted]ans seeking refuge from its ravages in asset-based invest[redacted]ts [redacted]h as property, boa[redacted] Kariba [redacted] the [redacted] market. [redacted] low dividend yield on the index indicates that [redacted] looking [redacted] protect their capital rather than for short-term returns.

Although [redacted] observers [redacted] the [redacted] is reaching dangerously high levels, they [redacted] by those who believe [redacted] market [redacted] strong upward momentum. Mr [redacted] rise in interest [redacted] will [redacted] little more [redacted] tion [redacted] market [redacted] its upward march. A three-point rise in February hardly registered in [redacted] mar[redacted] this [redacted] the [redacted] alternatives. A money market yield of about [redacted] cent [redacted] attraction [redacted] inflation, conservatively measured, [redacted] 25 per [redacted]

This argument applies [redacted] much [redacted] institutions [redacted] investors. [redacted] Mutual, [redacted] life assurance [redacted] Zimbabwe's largest investor. [redacted] scrip [redacted] that [redacted] frightening levels of exposure to individual compa[redacted] – more [redacted] 40 [redacted] in [redacted] In [redacted] circumstances, though, [redacted] has little option. [redacted] it is, only 18 per [redacted] funds [redacted] in equities, a figure [redacted] ally be considerably higher.

Also underpinning [redacted] ket [redacted] the perception [redacted] are better than they [redacted] time. The structural adjust[redacted] there [redacted] doubt that it has significantly improved prospects for [redacted]porate sector. Already the lifting of price controls [redacted] boosted profits [redacted] easing [redacted] foreign exchange restric[redacted] on [redacted] remittance [redacted] by foreign investors have further improved the outlook. Evidence of buoyant profits and [redacted] dividend yield on the industrial [redacted] remained at about [redacted] for some [redacted] in spite [redacted] the [redacted] advances in market prices.

The surge in industrial [redacted] has [redacted] spread [redacted] mining [redacted] the same level [redacted] was at the end [redacted] This is largely a reflection of weak world [redacted]modity markets over [redacted] period, exacerbated in Zimbabwe's case by lack of access to foreign exchange manifesting [redacted] in dated plant and equipment which often [redacted] down. Mr [redacted] Bain, [redacted] the Chamber of Mines, believes the [redacted] in July of Falgold, which [redacted] oversubscribed [redacted] opened at [redacted] premium, [redacted] represent [redacted] turning point [redacted] the [redacted]. It [redacted] true that the [redacted] is not an [redacted] of activity in the [redacted] leading companies such [redacted] Anglo American, Lonhro and Union [redacted] are unlisted.

[redacted] between [redacted] government and [redacted] ZSE have also come [redacted] long way since [redacted] when [redacted] Bernard Chidzero, the minister [redacted] finance, [redacted] the [redacted] as [redacted] "whore of capitalism". [redacted] market participants [redacted] impor[redacted] government's support for the market. Things [redacted] moved [redacted] far that [redacted] flotation of parastatals such [redacted] Industrial Develop[redacted] Corporation, [redacted] Mining Development Corporation [redacted] commercial conglomerate Astra, no longer [redacted] outlandish.

The [redacted] ZSE has [redacted] been [redacted] the continent. Harare [redacted] receiving [redacted] ever-increasing [redacted] visitors [redacted] other African countries looking [redacted] find [redacted] more about [redacted] workings [redacted] market. This [redacted] Mr Tom Williams, chair[redacted] the [redacted] speculate recently [redacted] the prospect [redacted] regional [redacted] market. Given [redacted] underdeveloped [redacted] private [redacted] in [redacted] of Zimbabwe's neighbours, however, this is likely [redacted] remain [redacted] dis[redacted] ambition for some time yet.

BANKING

Battle is on for deposits

[redacted] the banks and money market, structural adjustment [redacted] going to mean a new, much [redacted] competitive [redacted] challenging environment. As [redacted] puts it: "Controls [redacted]ated a degree [redacted] certainty which made [redacted] easier [redacted] make decisions." Now, [redacted] inflation accelerates, the authorities will have to tighten monetary policy significantly and raise interest [redacted] Bankers, [redacted] during [redacted] years [redacted] excess liquidity have not [redacted] unduly about resource mobilisation, will now have [redacted] focus on attracting deposits.

Market [redacted] of banks (June 1991)		
Banks	Loans % of total	Deposits [redacted] of total
[redacted] Chartered	28.4	[redacted]
[redacted] Banking Corp	28.2	26.3
Barclays	14.7	21.6
ANZ Grindlays	[redacted]	7.5
[redacted] Credit and Commerce [redacted]	[redacted]	11.8
[redacted] Bank	[redacted]	[redacted]
[redacted] Bank [redacted]	7.5	1.1

Throughout the [redacted] real [redacted] rates remained [redacted]tive – [redacted] substantially [redacted] – but monetary growth [redacted] inflation were kept [redacted] by a combination [redacted] direct [redacted]trols (liquidity ratios, minimum prescribed investment ratios for institutional inves[redacted] and the [redacted] stabilisation securities) [redacted] strong savings growth, fuelled by depressed investment demand in the private [redacted] and [redacted] scarcity of [redacted] durables.

Two [redacted] – long before the launch [redacted] the structural adjustment [redacted] (SAP) – [redacted] authorities signalled their intention [redacted] liberalising [redacted] system, starting with [redacted] introduction of a [redacted] lending [redacted] (BLR), [redacted] replaced [redacted] rate.

Banks [redacted] allowed [redacted] charge [redacted] maximum [redacted] 2.5 percentage points above BLR [redacted] "productive" loans and three points for consumption pur[redacted]. The [redacted] was originally pegged [redacted] per cent, but given worsening inflation, [redacted]ered [redacted] 11.5 per [redacted] in Decem[redacted] inflation [redacted] rediscounting [redacted] bills, especially [redacted] tobacco, rose, [redacted] monetary expansion accelerated, [redacted] by a deteriorating balance of payments which drained liquidity [redacted] the system.

The central bank [redacted]sponded in August [redacted] with [redacted] new package of reforms [redacted] restraints designed to curb inflation; BLR [redacted] raised [redacted] 12 per [redacted] and then [redacted] per [redacted] in February 1991; deposit [redacted] were [redacted] as was the mortgage lending [redacted] which increased [redacted] per [redacted] 13.75 [redacted] for owner-occupied homes.

But these minor changes did nothing to stem the inflationary tide and although the planned reduction in the budget deficit should relieve the pressure to some extent, it has long been clear that a significant tightening of monetary policy would be needed to crack inflationary expectations and stabilise a fast-depreciating exchange rate.

Official reluctance to raise [redacted] monetary expansion which [redacted] per [redacted] in [redacted] year to April 1991. The government has been unable to sell stock to a market convinced that an interest-rate rise was in the offing. It is estimated [redacted] Zimbabwe [redacted] is holding [redacted] of government [redacted] possibly a [redacted] amount of [redacted] bills, half [redacted] which [redacted] tobacco [redacted]. [redacted] rediscounting [redacted] purchase [redacted] government [redacted] had [redacted] of increasing the money supply.

The government is [redacted] to keep a cap on interest rates for a variety of reasons; it is far and away the largest borrower in the market and inter[redacted] payments on [redacted] borrowings – ignoring the parastatals (state-owned industries) – will [redacted] this year, equivalent [redacted] 9.1 per [redacted] total public expenditure. Indeed, [redacted] figure [redacted] understated, implying [redacted] of funds [redacted] 11.6 [redacted] compared [redacted] year. [redacted] why [redacted] debt [redacted] should be falling at [redacted] time of higher [redacted]

[redacted] that there is no case for pushing up interest rates unless the banks are competing for funds which, they claim, is not the case. Bankers point [redacted] sharply higher levels of NCD [redacted] evidence of competition for resources.

The government believes also that it [redacted] sense to raise interest rates substantially at a time when increased investment and job-generation [redacted] a priority. Above all, there are political [redacted] – [redacted] higher [redacted] especially [redacted] bonds, will spark an anti-SAP backlash. However valid [redacted] arguments, [redacted] – if not impossible – [redacted] the conclusion that [redacted] big upward adjustment in [redacted] only plausible [redacted] twin problems [redacted] inflation and gov[redacted] underfunding.

As inflation accelerates, the authorities will have [redacted] tighten monetary policy significantly

In [redacted] event, [redacted] reform than higher rates; [redacted] central bank accepts [redacted] liberalise [redacted] as well, possibly starting by setting [redacted] for [redacted] rather [redacted] specific levels. Clearly too, the structure [redacted] requires attention. Following [redacted] adjustments [redacted], [redacted] building societ[redacted] losing [redacted] mainly [redacted] Savings [redacted] tax-free deposits [redacted] it [redacted] very attractive haven in [redacted] country with [redacted] top marginal [redacted].

[redacted] planned monetary policy [redacted] from [redacted] controls [redacted] market [redacted] implies downgrading the role [redacted] liquidity ratios replacing them [redacted] open-market operations. The authorities also [redacted] to see more competitors in the mar[redacted] though, ironically, the most likely new entrants, especially in the [redacted] the Bank of Credit and Commerce debacle, [redacted] likely to [redacted] South African banks. First National (formerly Barclays, South [redacted] and [redacted] Standard [redacted] of South [redacted] (previously controlled by Standard Chartered) have been spreading their wings regionally, by mov[redacted] Botswana. [redacted] is probably too early for them to be accepted in [redacted] but, with leading [redacted] banks reluctant to [redacted] their [redacted], one [redacted] both of the South African banks could [redacted] in [redacted] Zim[redacted] market by the mid-[redacted]. Government has [redacted] majority [redacted] in BCC Zimbabwe and [redacted] bank will continue operating.

[redacted] Chartered [redacted] the largest player [redacted] market [redacted] lendings (comprising the commercial bank, merchant bank and [redacted] house) [redacted] just [redacted] closely by [redacted] state-owned Zimbabwe Banking Corporation with [redacted] per [redacted] market share. This [redacted] what exaggerates Zimbank's role since it has a significantly smaller deposit [redacted] Standard Chartered [redacted] portfolio [redacted] onlending [redacted] offshore [redacted] used [redacted] imports.

Higher [redacted] intensify competition for [redacted] at [redacted] market share. Standard Chartered [redacted] a march on [redacted] competi[redacted] with [redacted] launch of [redacted]matic teller machines, [redacted] Barclays [redacted] credit cards, though the Standard will [redacted] behind. [redacted] Grindlays and Barclays have [redacted] making [redacted] play for corporate business, while all [redacted] government [redacted] lending to [redacted] tight[redacted] funds increases, [redacted] name of [redacted] will change, with [redacted] balance shifting [redacted] with large [redacted] networks and [redacted] solid [redacted]

Tony Hawkins

Mining industry on the verge of moving forward

Crucial cog in the economy

THE Zimbabwean mining industry can best be likened [illegible] [illegible] [illegible] that [illegible] built up a head of steam, but [illegible] yet [illegible] start moving. It is "on the verge of moving forward", says Mr John Nixon, chief executive of Rio Tinto Zimbabwe.

There is certainly a bullish air about the industry, somewhat at odds with the modest record of recent years. Rio Tinto's Renco gold mine and Cluff Resources's Freda Rebecca gold operation [illegible] the only big mining projects to have been commenced since independence and, according to the IMF, the mining industry showed only 0.9 per [illegible] compound growth between [illegible] and 1989. The industry remains, however, a crucial cog in the Zimbabwean economy as an [illegible] of foreign exchange – Z$1.6bn, or [illegible] per cent of the national total in 1990, which is way out of proportion to its 7 per cent contribution to GDP.

The main reasons for optimism are the structural adjustment programme (SAP), the devaluation of the Zimbabwe dollar [illegible] [illegible] high levels of exploration activity. The SAP contributes to an improved policy environment, reflected in the increased exploration activity, while the weaker currency inflates export earnings.

Mining production		
Year	Z$m	US$m
1980	415	645
1981	394	572
1982	383	506
1983	470	[illegible]
1984	547	440
1985	630	390
1986	700	420
1987	815	[illegible]
1988	986	[illegible]
1989	1,197	[illegible]
1990	1,337	550
1991*	1,700	520

[illegible]
Source: [illegible]

Mr Elias Ngugama, in [illegible] presidential address to [illegible] Chamber [illegible] Mines in May, said foreign currency shortages were the biggest single constraint [illegible] increased production in the industry. Now the government [illegible] introduced an Export Retention Scheme, whereby foreign exchange [illegible] in the industry will be able to retain 5 per cent of such earnings. This should free [illegible] to spend their time [illegible] constructively than hunting down foreign exchange, while decreasing plant down[illegible] [illegible] money becomes available [illegible] replace antiquated equipment.

Other beneficial moves from the government include the liberalisation of import licensing, more generous dividend remittance allowances and [illegible] towards commercialising the activities of the mining parastatals, the Minerals and Marketing Corporation of Zimbabwe (MMCZ) and the Zimbabwe Mining Development Corporation (ZMDC). The industry still tolerates the MMCZ, in particular, only under sufferance, but is encouraged by [illegible] greater humility [illegible] the part [illegible] [illegible] government about [illegible] it [illegible] usefully [illegible] [illegible] [illegible] industry.

The downside [illegible] [illegible] SAP [illegible] [illegible] the removal of price controls has driven inflation up, reflected in [illegible] increases [illegible] 36 per cent and [illegible] per cent, respectively, at Zimbabwe Alloys and Bindura Nickel in their most recent financial years. In [illegible] [illegible], though, the [illegible] of inflation [illegible] [illegible]fortably [illegible] by the deterioration [illegible] [illegible] Z$ – about [illegible] per cent against the US dollar in the year to July – as only the imported component of companies' [illegible] [illegible] affected, while the full benefit [illegible] [illegible] on [illegible] [illegible] side.

On the exploration front, Mr Derek Bain of the Chamber [illegible] Mines [illegible] current levels "surpass vastly anything that has taken place in the last 15 years". Particularly pleasing is that an estimated 45 per [illegible] of the work is being done by [illegible] companies, such [illegible] BHP-Utah (US), Auridiam (Australia), Africa Gold (Ireland/UK), over and above the [illegible] activities of established companies such as Anglo American, Rio Tinto [illegible] Union Carbide.

Mr Roy Pitchford, managing director of Cluff Resources Zimbabwe, [illegible] "I'm sure very [illegible] you're going to hear [illegible] major announcements. There's so much going into it something's [illegible] [illegible] come up." What must be remembered here, however, [illegible] that Zimbabwean mineral deposits [illegible] characteristically low grade and high [illegible] [illegible] mine. To [illegible] minerals is one thing; [illegible] mine them profitably, another. [illegible] Mr Nixon observes: "The prof[illegible] [illegible] potential [illegible] mining [illegible] this country relate to hard work. What they throw away in [illegible] world [illegible] often what [illegible] start with."

The bulk [illegible] [illegible] exploration activity is focused on gold which remains Zimbabwe's [illegible] important mineral, contributing 38 per cent – Z$505.2m – of 1990 mineral production. Annual output is about 17 tonnes, 90 per cent [illegible] which comes from 47 mines, with 1,400 small producers accounting for the balance. Lonhro is [illegible] [illegible] producer, while *Cluff's Freda Rebecca* mine is the largest underground operation – 2,120kg in 1990. Mr Pitchford [illegible] many [illegible] the country's marginal mines are becoming attractive [illegible] [illegible] present gold price [illegible] about Z$1,300/oz.

[illegible] is the next largest contributor [illegible] Zimbabwe's mining income – 18 per [illegible] or Z$236.1m in [illegible] The industry is dominated by Anglo American's Bindura [illegible] which made [illegible] profits of [illegible] in [illegible], down from Z104.6m the previous [illegible] on substantially unchanged production of 12,564 tonnes of nickel concentrate. This reflected [illegible] [illegible] [illegible] about 30 per cent in the [illegible] nickel price and sharply higher [illegible]. Significant efforts are [illegible] way [illegible] [illegible] replacement ore bodies, as [illegible] of [illegible] group's four [illegible] will [illegible] their [illegible] [illegible] within [illegible] next [illegible] [illegible].

[illegible] Zimbabwe's other important minerals, [illegible] production in [illegible] [illegible] [illegible] [illegible] makes Zimbabwe the world's fourth largest producer, while [illegible] state-run [illegible] Colliery [illegible] [illegible] satisfy [illegible] [illegible] [illegible] production [illegible] about 5 million [illegible] [illegible] annum.

Philip Gawith

PLATINUM

Much talk but not very much production

THE platinum deposits on Zimbabwe's Great Dyke, the minerals complex that runs north-south through the country, are surely the world's most discussed. To what [illegible] the talk will [illegible] [illegible] production, however, remains a [illegible] point.

The platinum market is at present depressed, and [illegible] of the Zimbabwean deposits are being looked at [illegible] a second time, having previously been abandoned [illegible] [illegible] war or poor market [illegible].

[illegible] [illegible] four big schemes under investigation: Delta/BHP-Utah's Hartley project; Union Carbide's Mimosa mine; the Anglo American/Rio Tinto/[illegible] consortium looking at [illegible] [illegible] mine and Anglo American's Unki project.

Collective wisdom in [illegible] industry [illegible] that not more than [illegible] [illegible] [illegible] projects [illegible] likely [illegible] [illegible] [illegible]. If it were [illegible] matter [illegible] publicity, BHP-Utah would win hands [illegible]. In reality, though, the Mimosa project [illegible] [illegible] [illegible] likely [illegible] [illegible] started. This makes [illegible] because back in [illegible] early [illegible] Union [illegible] produced platinum [illegible] [illegible] Selous (now Hartley) and Mimosa deposits. War and an unfavourable exchange [illegible] (Z$1: US$1.44) put [illegible] stop to mining, [illegible] Mr Rodney Banks, managing director of Union [illegible] in Zimbabwe, but they held [illegible] [illegible] Mimosa believing it had the [illegible] mining potential.

Mr Banks says he [illegible] optimistic that the Mimosa mine will [illegible] the go-ahead, in principle, in September. This will be followed by [illegible] detailed costing exercise, [illegible] [illegible] completed by mid-1992, after which [illegible] project should [illegible] started. Mr Banks [illegible] [illegible] [illegible] notwithstanding the present low price, [illegible] they have "a viable proposition".

He [illegible] recent investigations have satisfied [illegible] that the mine [illegible] [illegible] "quite highly mechanised", [illegible] hence low cost, [illegible] that they will [illegible] [illegible] required [illegible] on the final smelt.

The mine would produce about [illegible] [illegible] of platinum [illegible] [illegible] (Johnson [illegible] [illegible] [illegible] world platinum supply [illegible] [illegible] ounces), with about 40 years' [illegible]. The project could [illegible] [illegible] [illegible] by 1995, probably at a cost of about [illegible]

[illegible] the Hartley project BHP-Utah are involved in the second [illegible] of underground drilling, with a revised feasibility study *due for completion* by October next year. BHP-Utah have said the mine would cost between US$200-250m to develop, producing about 2m tonnes of ore per year, with a life of about 20 years.

At the Zinca project, the work is being done by Platea[illegible], who have access to drilling previously done by Anglo and Rio Tinto [illegible] [illegible] pooled their claims. Mr Bill Smart of Anglo American says there is more drilling to be done and any decision is still some way off. At Unki the shaft has been dewatered and trial mining is under way in an effort to establish the size of the ore body and how best to mine it. Mr Smart said the odds were probably against the project going ahead, given the low grade of the deposits and relatively high costs compared to existing production in South Africa, the world's [illegible] producer.

Philip Gawith

Philip Gawith looks at the flourishing tourist industry

Victoria Falls is the main attraction

[illegible] Falls – Africa's grandest [illegible] [illegible]

IT MAY sound like a [illegible] [illegible] chewing gum [illegible] [illegible] cough remedy, but CHOGM (pronounced "choagam") – the biennial Commonwealth [illegible] [illegible] Government meeting which [illegible] place in Harare in October – dominates the public agenda in Zimbabwe.

[illegible] [illegible] [illegible] why Victoria Falls, Africa's grandest tourism [illegible]nation, looks like [illegible] building site. The Commonwealth gran[illegible] are repairing [illegible] for [illegible] weekend retreat, hence the furious construction activity [illegible] [illegible] airport – [illegible] enjoy [illegible] novel experience of having their baggage [illegible] in [illegible] [illegible] park – and [illegible] [illegible] [illegible] 276-[illegible] Elephant Hills hotel [illegible] [illegible] delegates will stay.

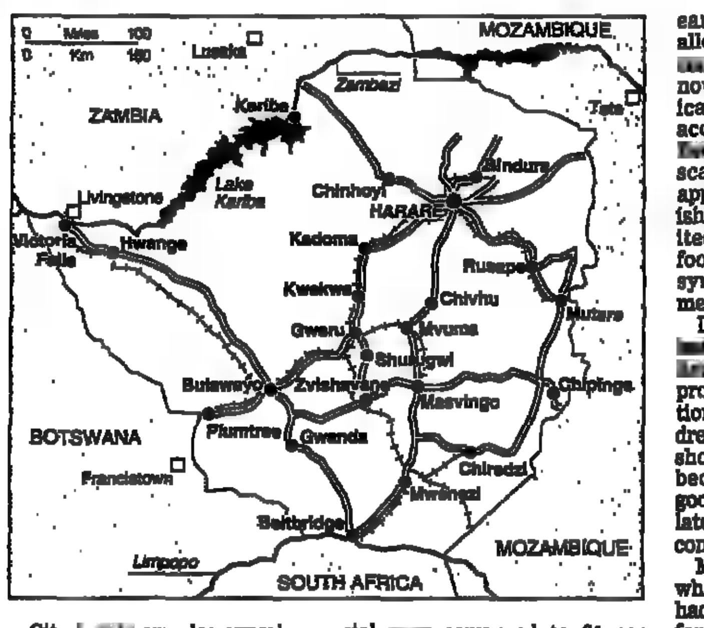
[illegible] Elephant Hills, [illegible] should [illegible] added, [illegible] not just [illegible] old hotel. Initially opened in the early 1970s, [illegible] [illegible] soon the victim of [illegible] mortar attack during [illegible] war for independence. The same guerrillas who [illegible] [illegible] up [illegible] [illegible] [illegible] government [illegible] [illegible] chosen [illegible] [illegible] [illegible] showcase exhibit during CHOGM, [illegible] well as conferring generous foreign currency allowances [illegible] that no luxury is spared. This accounts for [illegible] tendency [illegible] [illegible] quarters [illegible] aggrandise the project as some kind of symbol of [illegible] and renewal.

[illegible] [illegible] as [illegible] goes, they may have [illegible] point. Although CHOGM is a short-term focus [illegible] [illegible], the expansion [illegible] way [illegible] Victoria [illegible] – another new hotel opened earlier this [illegible] – is really catering for longer-term growth. Mr Ken Lyell, general manager of the [illegible] gracious Vi[illegible]ria Falls Hotel, says tourism at [illegible] Victoria Falls "has just [illegible] crazy. We're full every night. There is [illegible] quiet night, no quiet month." [illegible] [illegible] the Elephant Hills development [illegible] filling [illegible] yawning [illegible] in [illegible] conference and [illegible] travel market.

The extravagant good [illegible] [illegible] Victoria Falls is both [illegible] [illegible] and [illegible] of [illegible] general feeling [illegible] well-being in Zimbabwe's tourism industry. While [illegible] *is true* [illegible] *foreign visitors* who cannot get accommodation [illegible] [illegible] Falls [illegible] likely [illegible] skip [illegible] altogether, it [illegible] [illegible] true that [illegible] there, they *tend* [illegible] [illegible] [illegible] see a [illegible] more of the country.

In terms of [illegible] tourism, the [illegible] obvious [illegible] are Lake [illegible] and Hwange [illegible] [illegible] *which normally* form part [illegible] a foreign [illegible] package.

Kariba actually [illegible] [illegible] support from Zimba*bweans themselves (compared* [illegible] [illegible] Falls where they [illegible] heavily outnumbered by foreigners [illegible] regional visitors) as [illegible] other well-known [illegible] [illegible] *such as Great* [illegible] and the Eastern Highlands which [illegible] off [illegible] flight [illegible] most foreigners take. Tourism statistics indicate [illegible] occu[illegible] [illegible] *rising steadily*, from 33 per cent in 1983 to 47 per cent in 1990, and total arrivals in 1990 are [illegible] [illegible] [illegible] plus, compared [illegible] [illegible] in [illegible]



City [illegible] are also experiencing good [illegible] [illegible] the [illegible] [illegible] hotel, is spending [illegible] expanding from [illegible] [illegible] [illegible] to 330 rooms. According to Mr Kei Hansen, general [illegible], [illegible] buoyancy reflects Zimbabwe becoming better known, its image of political stability compared [illegible] *other countries on the conti*nent, and the [illegible] [illegible] hotels are now starting [illegible] earn [illegible] good return [illegible] their investment.

A shining example [illegible] this is [illegible] *Zimbabwe Sun group, the* country's largest hotel chain, which made [illegible] [illegible] profits in the [illegible] to March, having been in [illegible] [illegible] position [illegible] *recently* [illegible] *1988, and for* [illegible] [illegible] [illegible] preceding [illegible] [illegible]. Mr [illegible] Wright, managing director, [illegible] this to the improved security climate in [illegible] *country and, crucially*, [illegible] government's recognition that [illegible] to international [illegible] [illegible] recognised [illegible] exports, and hence [illegible] subject [illegible] price [illegible]trol.

Previously prices had [illegible] artificially depressed by government controls. Now [illegible] [illegible]tier pricing [illegible] prevails whereby [illegible] *pay fairly* [illegible] prices [illegible] foreigners have [illegible] [illegible] dearer prices, in foreign [illegible]. Thus, as at August 18, a Zimbabwean would pay *an* [illegible] [illegible] [illegible] *a twin* room at [illegible] Victoria Falls Hotel compared [illegible] US$95 [illegible] [illegible] foreign visitor.

Now [illegible] the industry's *prices are* [illegible] a [illegible] acceptable level, the focus is on increasing occupancies. Su[illegible] is already evident with the Zimbabwe Sun group achieving in [illegible] of [illegible] per [illegible] so [illegible] this financial [illegible] compared to 64 per [illegible] last. July [illegible] were 78 [illegible] cent. Mr Wright says the [illegible] growth potential is in the [illegible] market, pointing [illegible] [illegible] [illegible] [illegible] a fraction of [illegible] per cent of the [illegible] market. "A small swing in our favour [illegible] our infrastructure." At [illegible] [illegible] Zimbabwe only has about [illegible] rooms which are above three-star standard.

Government assistance [illegible] [illegible] *industry has not* [illegible] *lim*[illegible] [illegible] deregulation [illegible] prices. It also [illegible] [illegible] relaxation [illegible] import controls [illegible] includes allowing [illegible] operators [illegible] earn foreign exchange [illegible] allowed [illegible] keep [illegible] [illegible] 7.5 per [illegible] [illegible] [illegible] earnings. Until now the industry [illegible] been critically hampered by [illegible] [illegible] access to foreign exchange. [illegible] in [illegible] [illegible] [illegible] [illegible] scarcity remains painfully apparent in [illegible] [illegible] [illegible] finishings and furbishments, limited availability of imported food and drink, and general symptoms [illegible] [illegible] procurement problems.

Delivering [illegible] quality service [illegible] involved [illegible] hote[illegible] overcoming Herculean problems [illegible] their international [illegible]terparts have never dreamed [illegible]. Foreign [illegible] shortages have forced them to become adept [illegible] obtaining goods on the black market. The latest [illegible] will bring welcome [illegible].

Mr [illegible] estimates [illegible] whereas last year Meikles only had access to about Z$22,000 of foreign exchange, this figure should rise to about Z$900,000 in the first year of the new scheme. [illegible] [illegible] are symptomatic [illegible] the increased esteem [illegible] industry [illegible] with the government which had previously ignored its considerable foreign exchange earnings capacity.

Zimbabwe [illegible] [illegible] stands to gain from [illegible] Africa's re-integration [illegible] the international community. The [illegible] [illegible] months have seen a *huge increase* [illegible] [illegible] [illegible] [illegible] airlines arriving [illegible] Jans [illegible] airport in Johannesburg and Mr [illegible] [illegible] surely [illegible] in anticipating [illegible] [illegible] [illegible] have made [illegible] [illegible] haul would like [illegible] [illegible] [illegible] region rather [illegible] [illegible] [illegible] alone.

[illegible] burgeoning *part of* [illegible] tourism industry [illegible] [illegible] small operators who [illegible] valuable "add-on" experiences – [illegible] additional activities [illegible] pro*vide variety to enliven the stay* at more established resorts or which [illegible] in their own right. The best known examples [illegible] [illegible] [illegible] canoeing trips and white-water rafting on the Zambezi.

Both have done well, but remain immature in the [illegible] [illegible] sometimes appearing to be subject [illegible] only the [illegible] rudimentary controls. Tourists need [illegible] be wary of operators [illegible] [illegible] don't [illegible] beyond [illegible] the [illegible]bial Land-Rover, [illegible] [illegible] [illegible]

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

German chemical group results diverge

The [redacted] German chemical [redacted] BASF, Bayer [redacted] diverged significantly in their performance in [redacted] quarter, *reflecting different* capacities to exploit growth in Germany and compensate for [redacted] demand ab[redacted] Bayer [redacted] optimistic – it [redacted] earnings stabi*lising* [redacted] diversification bears fruit. [redacted] 18

Salomon engages Coopers

[redacted] Brothers, [redacted] Wall [redacted] engaged Coopers [redacted] Lybrand, [redacted] review [redacted] firm's [redacted] trading operations [redacted] asked Lord Young, [redacted] former [redacted] cabinet minister and [redacted] member, [redacted] head a new compliance committee. Page 20

Avoiding crashes

With [redacted] 400m registered vehicles [redacted] and [redacted] new vehicles pro[redacted] year, [redacted] potential market [redacted] electronic systems which warn drivers they [redacted] Della Bradshaw [redacted] the competing systems. *Page 21*

Fujitsu moves into US group

Fujitsu, [redacted] Japanese computer company, [redacted] paid [redacted] acquire [redacted] 44 per [redacted] in Hal Computer Systems, [redacted] start-up California-[redacted] company. [redacted]

Gulf war hits Israeli [redacted]

Israel's top [redacted] recorded [redacted] drop in profits in [redacted] half [redacted] year, in large part reflecting [redacted] impact [redacted] economy of the Gulf war and tightening margins. Page [redacted]

Ferranti arm sold for $15m

Ferranti International [redacted] disposed [redacted] war-[redacted] explosives [redacted] of its US-based Marquardt [redacted] M.A. Acquisition [redacted] California [redacted] The business [redacted] only [redacted] small part of Marquardt, [redacted] Ferranti [redacted] to [redacted] Page 23

Market fall hits Slough Estates

Slough [redacted] the fourth largest UK property group, yesterday reported [redacted] 41.5 per [redacted] fall in taxable profits. It made provisions which [redacted] deterioration in the UK property mar[redacted]. Page 22

High margins on granite

Despite [redacted] economic conditions [redacted] a price [redacted] in the-1991 [redacted] year, South Africa's biggest producer [redacted] granite, Keeley, saw a profit margin of [redacted] per cent. *Prospects look good, with* [redacted] *company expecting* [redacted] *grow by* [redacted] *per cent a year.* Page 26

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				Rises			
ndustrie Werke	324.5	+	11	BIC	[redacted]	+	[redacted]
osenthal	286	+	14	Hachette	193	+	[redacted]
Yella Pref	676	+	10.5	Immobanque	660	+	[redacted]
Falls				Merlin-Gerin	540	+	18
sko	875	–	11	Schneider	[redacted]	+	36
eiersdorf	745	–	15	Falls			
ahmeyer	925	–	10	Chargeurs	809	–	16
NEW YORK ($)				TOKYO (Yen)			
Rises				Rises			
ankAmerica	44	+	$\frac{5}{8}$	Hitachi Elec	[redacted]	+	[redacted]
hemical Bank	$26\frac{5}{8}$	+	$\frac{1}{2}$	[redacted]	790	+	[redacted]
Falls				Nippon Kinzoku	584	+	47
ty National	$12\frac{1}{2}$	–	2	Tokyo Elec	[redacted]	+	210
uke Power	$29\frac{3}{8}$	–	1	Falls			
Focus Sys	$11\frac{5}{8}$	–	$1\frac{5}{8}$	[redacted]	[redacted]	–	[redacted]
earchers Labs	$8\frac{3}{4}$	–	$1\frac{3}{8}$	Kyoei Sangyo	1010	–	80

New York prices at 12.30.

LONDON (Pence)							
Rises				MB-Caradon	265	+	10
as	997	+	12	Natl Power	$157\frac{1}{2}$	+	5
dbury Schw	402	+	13	Smith (WH) A	459	+	[redacted]
ltern Radio	161	+	8	Strong&Fisher	35	+	3
lphin Pack	139	+	9	Warburg (SG)	503	+	10
uglas (RM)	545	+	30	Falls			
ro Disney	1403	+	[redacted]	Beazer	86	–	5
l Accident	551	+	15	Booker	469	–	9
letner	183	+	9	Friendly Hotels	276	–	9
enalls	368	+	11	Grovewood	20	–	4
E	195	+	14	Yorkshire TV	195	–	$9\frac{1}{2}$
lbroke	279	+	5				
gh Ints	325	+	13				

German group expects no increase at year-end despite first-half improvement

Daimler-Benz warns of profits standstill

By Christopher [redacted] in Bonn

DAIMLER-BENZ, [redacted] German engineering [redacted] said yesterday that it expected no [redacted] in profits [redacted] year.

Reporting [redacted] rise [redacted] 9 per [redacted] and a 5 per cent improve[redacted] in [redacted] profits [redacted] the *first half*, it [redacted] that net [redacted] *for the* [redacted] only "reach last year's level" of DM1.76bn ($1bn).

Turnover for the full 12 months was expected [redacted] increase [redacted] DM95bn [redacted] "in view [redacted] *generally well-filled order books*", the [redacted]

A strong first-half performance [redacted] home, [redacted] by [redacted] Mercedes-Benz vehicles division, offset declines outside Germany. Group [redacted] in [redacted] German market [redacted] DM21bn *from DM16.4bn* [redacted] account for almost half [redacted] turnover of DM44bn. Profits [redacted] tax were DM880m compared with DM840m last time.

Sales of passenger cars and *commercial vehicles totalled* DM32bn *compared* [redacted] in the first half of [redacted] year.

Mercedes-Benz [redacted] for 71 per cent [redacted] consolidated group *sales, the AEG electronics* and appliances arm for [redacted] per cent, D[redacted] Aerospace [redacted] per [redacted], and the new [redacted] business, [redacted], for 4 [redacted]

Helped by [redacted] newly-launched S-class, medium-range, and [redacted] convertible, unit [redacted] increased 2 per [redacted] to [redacted] 150,000 of [redacted] were registered in Germany – 17 per cent more than in the first six months of 1990.

Car sales in Italy rose 9 per [redacted]. However, deliveries in the US, hit by special taxes on [redacted] costing more [redacted] $30,000, slumped 24 [redacted] cent. [redacted] in Japan held up well in spite of a [redacted] per cent fall in new-car registrations, but *it fell* [redacted] *most* [redacted] markets.

The company plans [redacted] produce [redacted] passenger vehicles [redacted] year, unchanged from 1990. Conditions in the commercial [redacted] market, however, [redacted] encouraged [redacted] output of trucks, [redacted] buses by 14 per cent [redacted] units. The Latin American [redacted] made [redacted] marked recovery, although registr[redacted] in Europe and *the* [redacted] in the first half.

The [redacted] it would maintain its heavy investment programmes, focusing [redacted] the DM6.5bn planned capital spending for 1991 on [redacted]

Ladbroke in £464m cash call

By Jane Fuller in LOndon

LADBROKE GROUP, the UK leisure company, yesterday [redacted] of speculation by launching [redacted] rights issue [redacted] £464m [redacted] the fifth [redacted] market.

Ladbroke [redacted] use [redacted] proceeds [redacted] reduce [redacted] and continue expansion of [redacted] Hilton International [redacted] chain.

The rights issue [redacted] announced along with [redacted] results, which showed [redacted] 38 [redacted] drop [redacted] *profit* [redacted] to [redacted] in [redacted] months to June 30.

Mr Cyril Stein, Ladbroke's chairman, [redacted] the figures would [redacted] been ahead without the [redacted] the Gulf war.

Ladbroke's one-for-four issue [redacted] priced [redacted] compared *with Wednesday's* [redacted] *of 274p.* [redacted] *approval* was signalled yesterday by [redacted] rise to 279p.

The [redacted], which [redacted] Britain's largest chain [redacted] shops and [redacted] as well as hotel and property [redacted] sions, [redacted] virtually no profit in the first quarter, according [redacted] Mr *Stein.*

He said [redacted] Gulf [redacted] had knocked £75m off Hilton International's taxable profit late last year and early this year.

[redacted] relief in the [redacted] both that [redacted] rights issue had materialised after [redacted] sistent rumours, and [redacted] the [redacted] balance sheet was [redacted] *strengthened.*

[redacted] debt had [redacted] from £1.5bn [redacted] £1.6bn, debt-equity gearing [redacted] 61 per cent, over the six months. Gearing should [redacted] reduced [redacted] 35 per cent [redacted] the [redacted]

Group turnover fell from £2.03bn to £1.96bn in the first *half. Earnings per share fell to 8.18p (13.07p), covering* [redacted] increased [redacted] of 4.92p (4.68p) only 1.66 times.

The first-half interest charge of £53.3m was nearly as high as the £60.3m total for the whole of 1990. This year the group is capitalising £45m interest, compared with nearly £88m last year.

Lex, Page 16

David Churchill on Ladbroke's gamble with Hilton International

Chairman who sees hotels as a sure bet

WHEN Mr Cyril Stein *opened* [redacted] *renovated Langham Hilton hotel* [redacted] London [redacted] spring he [redacted] have [redacted] forgiven for [redacted]ing that it was [redacted] gamble that [redacted] paid off.

The Langham had [redacted] the flagship *for* [redacted] *Hilton International chain, cornerstone* [redacted] Ladbroke Group of companies, embracing hotels, betting shops, [redacted] do-it-yourself retailing.

The opening [redacted] Langham coincided with [redacted] period [redacted] for [redacted] hotel industry and [redacted] in particular. [redacted] combination of [redacted] and [redacted] reduced Hilton [redacted] *outside* the [redacted] (Ladbroke only owns [redacted] international operations) [redacted] about half [redacted] normal level [redacted] per cent.

The result was a £60m slump in its interim pre-tax profits announced yesterday, a credit[redacted] performance [redacted] *admitted* [redacted] "*virtually no profits in the first three months of the year*".

Mr Stein, Ladbroke's chairman, maintained yesterday he was unfazed by opening the Langham at such a bad time. "It wasn't a risk," he insists. "The hotel has been trading above our expecta[redacted] could probably sell it [redacted] twice the *amount* it [redacted] us to renovate."

His optimism was [redacted] in yesterday's £464m rights [redacted] which [redacted] says will [redacted] company's [redacted] sheet [redacted] provide the flexibility to buy more [redacted]

[redacted] rights issue, coming after [redacted] a poor [redacted] the [redacted] which would make [redacted] Ladbroke's bookmakers uncertain of the [redacted] of [redacted] success.

[redacted] Parkinson, [redacted] director [redacted] Horwath Consulting, the inter[redacted] consultants, [redacted] travel [redacted] yet [redacted] match [redacted] year's [redacted] *In London, Horwath's* [redacted] traveller [redacted] could only achieve [redacted] average room [redacted] of 69 per cent in June, compared with [redacted] *per cent last year.*

Unlike [redacted] Group, whose Holiday Inn hotel operations only [redacted] for [redacted] fifth of pre-tax profits, [redacted] relies [redacted] Hilton [redacted] provide 60 per cent of its funds. Ladbroke would have been hard-pressed to maintain this ratio in its latest interim results if hotel profits of £78.2m – up from £76m *at the same stage last year* – had not been boosted by the sale of the Hilton hotel at Manchester Airport, netting a £25.6m profit.

Ladbroke's hotel strategy, however, was firmly in place in 1987 when it acquired the Hilton International chain for £645m. This gave Ladbroke the sort of international brand name it craved – *Hilton being, along with the Ritz,* one of the world's most well-known hotel names – and brought [redacted] Mr [redacted] the big-company [redacted] which [redacted] previous [redacted] of hotels, bingo halls, holiday [redacted], snooker halls, [redacted] clubs, electrical retailing and [redacted] had [redacted] provide.

LADBROKE RESULTS
[redacted] months to June (£m)

	1991	[redacted]
Turnover	1,984.7	[redacted]
Pre-tax profit	96.2	[redacted]
Turnover [redacted] by activity		
Hotels		
Turnover	380.9	[redacted]
Profit	78.2	[redacted]
Racing		
Turnover	1,228.2	[redacted]
Profit	45.0	[redacted]
Retail		
Turnover	[redacted]	[redacted]
Profit	23.7	17.9
Property (net of [redacted])		
Turnover	38.7	[redacted]
Profit(Loss)	(12.6)	[redacted]

*Other than property, profits are shown before [redacted]

This jumble of leisure operations nearly [redacted] crashing down [redacted] Stein when, in 1979, *Ladbroke lost* [redacted] *casino* licences in London's [redacted] which [redacted] many [redacted] company find difficult [redacted] talk [redacted] Casinos [redacted] time provided half the group's profits.

[redacted] was [redacted] days [redacted] Mr [redacted] reshape [redacted] group radically [redacted] *the* [redacted] into [redacted] hotels.

Mr Stein maintains that spreading [redacted] hotel [redacted] 46 countries lessens the risks posed by national recessions. [redacted] has targe[redacted] business [redacted] such as Berlin, [redacted] and Frankfurt, but [redacted] small-chain acquisitions as [redacted]

Hotels [redacted] only [redacted] problem for Mr [redacted] the group's betting operations – it has the largest high [redacted] bookmakers [redacted] well as owning Vernons pools – have been squeezed by [redacted] recession. "People who used to bet £500 or £1,000 are [redacted] only betting £50 or £100," *complains* Mr Stein.

[redacted] rule out any large moves in [redacted] UK – it was unable to bid for the Coral bookmaking [redacted] which Bass was recently [redacted] to sell – so it has turned its attention to the US [redacted] Europe. Ladbroke recently [redacted] exclusive [redacted] rights [redacted] US [redacted] of Minnesota, operating huge tele-betting theatres.

[redacted] analysts are convinced [redacted] do-it-yourself retail [redacted] is being [redacted] sale, although [redacted] vigorously denies this. Aggressive marketing and price discounting helped Texas increase trading profits [redacted] DIY retailers [redacted] making it [redacted] an attractive proposition.

Yet probably the key question mark over Ladbroke's future hangs [redacted] himself. Now 63, he says [redacted] has no plans [redacted] "I'm [redacted] enjoying myself too much," [redacted] and [redacted] Ladbroke-watchers expect him to bow out early. [redacted] late last year [redacted] strengthened [redacted] senior management considerably by appointing 48-year-old [redacted] Peter George, head of the racing division, as joint managing director (with himself) as [redacted] one of three vice-chairmen. [redacted] director Mr Jerry O'Mahony, 44, was also made a vice-chairman.

[redacted] to take bets on which of the [redacted] ally [redacted] Mr Stein.

Lex, Page [redacted]

The rights issue [redacted] Cyril Stein under [redacted] to [redacted]

VW sales fall 30% in US

By Christopher [redacted] in Bonn

[redacted] and increasing competition [redacted] Volkswagen group's [redacted] in [redacted] by 30 [redacted] cent [redacted] units in [redacted] months [redacted] the year, the [redacted] yesterday.

Depression in European markets *other than Germany caused a 16 per cent downturn* in volume sales of the VW, Audi and Seat marques. Britain, where deliveries fell 30 per cent and France, down 27 per cent, were particularly hard-hit.

However, a 62 per cent rise in sales in *Germany* – *from 443,000 to 717,000 vehicles* – helped the German *automotive* group hold its ground with [redacted] 12 per cent *increase* [redacted] *first-half* [redacted] and a 1.2 *per cent rise in profits* after tax.

Confirming sales of DM39bn ($22bn) and profits of DM433m for [redacted] first [redacted] (announced [redacted] group's annual meeting last month), the [redacted] claimed in its interim report that advances at home [redacted] *increased* [redacted] the former [redacted] German [redacted] by [redacted] per [redacted] 27.9 [redacted] over [redacted] period. There [redacted] still [redacted] figures for the new German Länder.

[redacted] claimed a 16.5 per cent share of the overall western European *market* – [redacted] from 15.2 per cent last year. [redacted]ing sales of the newly acquired Skoda [redacted] share [redacted] 16.7 [redacted] cent, [redacted]

[redacted] in [redacted] rose 12 [redacted] than 76,000 vehicles, maintaining the group's [redacted] leadership. However, the Autolatina subsidiary in Brazil is still *suffering in the poor economic climate.*

Plagued by strikes and consequent wage rises of around 80 per cent, renewed inflation running at 40 per cent, and government price controls, the company is selling cars at prices which do not cover costs.

Autolatina's [redacted] sales, however, rose 8 per [redacted] 112,000 vehicles.

Brent Walker inquiry shifts to Europe

By Robert Peston [redacted] Andrew Bolger in London

THE investigation by [redacted] British Serious [redacted] Office [redacted] has [redacted] to the troubled UK leisure company's offices in Paris and Amsterdam.

The SFO [redacted] *examining* [redacted] removed [redacted] Walker's [redacted] in the [redacted] cities as part [redacted] its inquiry, which [redacted] likely [redacted]

[redacted] international [redacted] of [redacted] investigation emerged as [redacted] Walker's board [redacted] *yesterday afternoon* [redacted] of [redacted] Simmons, [redacted] City [redacted] London solicitors, to [redacted] the [redacted]

In an unrelated development, it also emerged [redacted] the published value of Brent Walker's [redacted] fallen [redacted] again [redacted] now [redacted] at [redacted]

[redacted] Walker [redacted] at [redacted] prepared [redacted] audited [redacted] for the year [redacted] December 31, 1990. [redacted] are expected [redacted] a [redacted] value from [redacted] unau[redacted] figure of £139m ($234.9m) published in [redacted] as part of its preliminary results.

[redacted] *£139m figure* was [redacted] valuation [redacted] certain development properties made by the directors. However, [redacted] said [redacted] surveyors, Weatherall, had valued [redacted] properties [redacted]

It [redacted] *that some* [redacted] directors [redacted] preferred [redacted] incorporate the lower [redacted] in the accounts, [redacted] they [redacted] blocked by [redacted] George Walker, who [redacted] then [redacted] group.

[redacted] was deposed [redacted] tive [redacted] *May.* [redacted] now decided [redacted] Weatherall's lower valua[redacted] in [redacted] accounts, wiping more [redacted] value.

However, this [redacted] unlikely [redacted] as much [redacted] a shock [redacted] Walker's [redacted] banks, who have yet to sign an agreement to [redacted] troubled [redacted] group [redacted] *collapse.*

[redacted] have [redacted] and are [redacted] vinced that the [redacted] rent [redacted] prices [redacted] properties would [redacted] huge negative number.

At [redacted] Walker's joint auditors, [redacted] and KPMG [redacted] Marwick, approved [redacted] showing [redacted] group had [redacted] of £857m.

An [redacted] figure published in [redacted] summer [redacted] year, showed [redacted] had risen [redacted] by mid-July [redacted]

As yet, [redacted] not [redacted] a clear explanation [redacted] how [redacted] figure was completely wiped out by the end of 1990, just a few [redacted] later.

INTERNATIONAL COMPANIES AND FINANCE

Claims push GRE deeper into red

By Richard Lapper in London

AN INCREASE in insurance claims from motor accidents, theft and subsidence pushed Guardian Royal Exchange, the UK composite (general and life) insurer, deeper into [redacted] red [redacted] the halfway stage.

GRE reported pre-tax losses of £88m ($148.7m) in [redacted] six months to end-June, [redacted] from [redacted] in the first half [redacted]. The company maintained the dividend at 4.4p.

The results were better than expected and the markets responded favourably to signs that GRE's [redacted] management was increasing premium rates and controlling expenses. GRE shares rose 14p on the announcement [redacted] close [redacted] 195p.

Mr Sid Hopkins, chief [redacted]tive, [redacted] James Morley, finance director, and other senior [redacted]utives [redacted] appointed last year.

Worldwide underwriting losses of £248.7m (£220.1m) were offset by investment income (less interest payable) of £148.2m and [redacted] surplus [redacted] life [redacted] business of £12.6m.

As with [redacted] competitors' performances, GRE's results [redacted] dominated by higher underwriting [redacted] which [redacted] to £179.5m from [redacted] in [redacted] first six months of 1990. Subsidence claims [redacted] from 800 to 1,900, with costs rising more than [redacted] per cent to [redacted].

Household and [redacted] thefts [redacted] more than 50 [redacted] cent and [redacted] of car [redacted] nearly doubled [redacted]. Claims from mortgage guarantee business increased [redacted] £8m.

Underwriting losses from motor accidents [redacted] more than £70m, £27m higher than 1990, with [redacted] cost of claims rising to £1,000 compared with [redacted] year [redacted]. Claims frequency increased with more than one in five *motorists insured by GRE* claiming each year.

Motor premium income fell from £131m to £114m – about [redacted] per cent of [redacted] total UK income. [redacted] now [redacted] policyholders compared with [redacted] year [redacted] and half [redacted] many as in the mid-1980s.

Mr Sid Hopkins, chief [redacted]tive, [redacted] this [redacted] premium increases (up by [redacted] cumulative [redacted] per [redacted] during the past 12 months and [redacted]sive competition from direct writers, who sell insurance using [redacted] marketing and [redacted].

To date GRE has not participated in direct writing in [redacted] UK. However, [redacted] company's Irish subsidiary, the [redacted] PMPA, conducts [redacted] direct writing operation which was "transferable" to the UK, according [redacted] Hopkins.

PMPA's underwriting loss [redacted] reduced [redacted] compared with £27m in the first six months [redacted] year, pushing the [redacted] £3.5m into the black.

Mr Hopkins said central overheads had [redacted] lower, reducing [redacted] ratio by 2 [redacted].

Lex, [redacted] 16

Williams interim pre-tax profits up 26%

By Roland Rudd in London

WILLIAMS Holdings, the UK industrial conglomerate, yesterday reported a 26 per cent increase in first-half taxable profits before exceptional and extraordinary items to £76.5m ($128.5m) from £60.5m.

The profit increase, on the back of [redacted] small increase in *sales from £446.7m to £470.6m*, [redacted] buoyed by the group's £404m takeover of Yale [redacted] Valor in March, the locks and domestic appliances group.

Trading profits from retained businesses, excluding Yale & Valor, still [redacted] by 15 per cent to [redacted]. Earnings per share edged [redacted] from 10.8p [redacted] 10.9p.

Operating margins on retained businesses increased *from [redacted] per cent [redacted] 17 per* cent. Mr Nigel Rudd, chairman, said Yale & Valor's margins of 11.1 per cent, would be increased by the year-end to around 15 per cent [redacted] his special operations [redacted] time to reduce costs.

Mr Rudd [redacted] he [redacted] pleased to increase [redacted] earnings per share and operating [redacted] when [redacted] economic conditions [redacted] unfavourable [redacted] the [redacted] *encountered*.

The result, which [redacted] better than expected, pushed Williams's [redacted] up [redacted] 345p. [redacted] dividend [redacted] by [redacted] to 5p.

[redacted] military products achieved record [redacted] and profits, [redacted] by [redacted] strong order [redacted] the Far East.

Consumer [redacted] building prod[redacted] were hit by depressed European construction sales [redacted] downturn [redacted] home furnishings, which [redacted] expected [redacted] improve until the housing market [redacted].

S-E Banken sees no further credit losses this year

SKANDINAVISKA Enskilda *Banken said yesterday it would* not incur any further credit losses this year despite the financial crisis involving the companies of Mr Erik Penser, the Swedish financier, writes John Burton in Stockholm.

S-E Banken predicted in June that its credit losses for the year would reach SKr1.9bn ($299.7m), equal [redacted] the amount it had reported in [redacted].

S-E Banken last autumn led the 14-bank consortium that provided SKr14.8bn in short-term loans to Gamlestaden, the finance company linked to Mr Penser. *It has now* assumed control of Gamlestaden and will conduct a "orderly" liquidation of its *activities over the next two* years.

Elsevier 9% ahead in first half

By David Brown in Amsterdam

ELSEVIER, the Dutch publisher, yesterday revealed [redacted] *9 per cent rise in first-half prof*its and plans [redacted] integrate its [redacted] property market database, Elsevier Realty Information *(ERI), with [redacted] of TRW*, [redacted] diversified [redacted] technology group.

The venture, [redacted] formally *announced next month*, will [redacted] 60 per cent-owned by TRW. [redacted] will have annual [redacted] of [redacted] $100m, said Mr [redacted] Ekker, Elsevier spokesman, who added that ERI [redacted] emerging from a period of losses to break even [redacted] annual sales of $40m.

"Given the present difficulties [redacted] the US property market," said [redacted] Ekker, "we hope the joint venture with TRW, combined with reorganisation *plans, will lead to a substantial* improvement in results in the coming years."

Meanwhile, Elsevier's pre*tax profits [redacted] the first half* advanced to Fl 195.7m ($99.8m) from [redacted] Fl [redacted] in [redacted] sponding period [redacted] year. *Sales [redacted] by [redacted] per cent to* Fl 1.08bn.

Although growth in advertising revenue [redacted] described [redacted] "sluggish", the [redacted] to compensate with price increases, cost containment [redacted] higher subscription reve[redacted].

The [redacted] of shareholdings in Wolters Kluwer, of [redacted] Netherlands, and Pearson, [redacted] banking [redacted] publishing group which owns the Financial Times, resulted in lower earnings from associated companies but higher interest [redacted]nue.

Pergamon Press, the UK scientific publisher, acquired [redacted] from May, made [redacted] lim[redacted] *contribution [redacted] earnings in* [redacted] first-half.

However, Pergamon's results have [redacted] "even [redacted] favoura[redacted] than expected," [redacted] Ekker, and Elsevier's forecast of [redacted] 10 per cent rise in 1991 per-share operating income [redacted] now [redacted] conservative.

Elsevier [redacted] operating income of Fl 5.32 per share last year.

[redacted] VNU, [redacted] Netherlands' leading publishing [redacted], reported its first-half [redacted] profit slipped 35 [redacted] cent [redacted] Fl 51.1m on virtually unchanged sales of Fl 1.25bn.

This result, [redacted] well as [redacted] forecast of [redacted] per cent slump in full-year earnings from [redacted] *Fl 146m achieved in 1990*, was in line with earlier forecasts.

Delta Air aims for more routes to Europe

By Nikki Tait in [redacted] York

DELTA Air Lines, which has agreed to buy a large parcel of assets from the bankrupt carrier Pan Am, said yesterday it hoped [redacted] add services to 23 cities – mainly in [redacted] Europe – on [redacted] 1.

This is the [redacted] on [redacted] the carrier, the third largest of the US airlines, plans to begin operating the transatlantic routes that it is buying from Pan Am.

According to Delta, [redacted] aim is to operate 195 round-trip [redacted] Atlantic from November onwards, compared [redacted] weekly round-trips [redacted].

However, [redacted] acquisition of the Pan Am [redacted] – [redacted] included all the bankrupt carrier's remaining European routes and its East Coast Shuttle in the US – still requires regulatory approvals from the US Department of Transportation and the European Com[redacted].

Yesterday, Mr [redacted] Allen, Delta's chairman, [redacted] not anticipate any problems [redacted] the EC, and the airline hoped such approvals would be secured [redacted] 1.

Mr [redacted] unveiled [redacted] Shuttle operation, [redacted] start operating [redacted] weekend. He suggested [redacted] apart from the change in [redacted] operation [redacted] be [redacted] run by [redacted] Am, although [redacted] that new aircraft might be introduced [redacted] future.

Northwest buys four Airbuses

NORTHWEST Airlines, the fourth largest US carrier, announced yesterday that it was buying four Airbus A340 aircraft and taking options on another six in a deal worth $1.4bn, Reuter reports.

The US airline is the European consortium's biggest client and will be the first to use the A340, on its trans-Pacific routes. The order is in addi[redacted] 20 A340s ordered by [redacted].

[redacted] US airline has also ordered 16 A330 two-engined airliners and 100 A320 medium-haul aircraft of which 20 have [redacted].

[redacted] has also agreed to buy 30 A321s, the stretched version [redacted] the A320.

So [redacted] has [redacted] the A330-A340 range of aircraft, [redacted] 465 options.

[redacted] added [redacted] it [redacted] secured options on two addi[redacted] Boeing 747-400 aircraft [redacted].

Fujitsu takes 44% stake in US start-up

By Steven Butler in Tokyo

FUJITSU, the Japanese computer [redacted], [redacted] paid $40.2m [redacted] stake in Hal Computer Systems, a start-up [redacted], in an effort to develop computer products [redacted] applications.

Fujitsu [redacted] it had [redacted] to [redacted] the [redacted] what it said were Hal's promising [redacted] computer [redacted] using [redacted] Unix operating system. Unix [redacted] typically used [redacted] engineering applications, but [redacted] Hal [redacted] develop computers for general business use, including computers for handling databases.

Hal will have access to Fujitsu's semiconductor technology, its patent portfolio, systems designs [redacted] network.

Hal was [redacted] in [redacted] 1990 by *Mr Andrew Heller*, chairman, a former Interna[redacted] Machines employee involved in develop[redacted] IBM's RS/6000 engineering workstation. The [redacted] was named [redacted] computer in the film 2001: A Space Odyssey.

Allianz seeks [redacted] expansion

ALLIANZ, the insurance group, said it is holding [redacted] with the Treuhand, the privatisation agency, about the purchase of the 49 per cent it does not already own in eastern German insurer Deutsche Versicherungs, Reuter reports.

"(The purchase) is only a matter of the price," Mr Wolfgang Schieren, the management board chairman, said.

He said Allianz did not expect to pay the same amount for the 49 per cent stake as it paid the 51 per cent it holds. Industry estimates put the price of the 49 per cent stake at some DM270m. ($154.2m).

Chemicals groups' results vary as recession bites

By Katharine Campbell in Frankfurt and Charles Leadbeater in London

THE THREE German chemicals giants – BASF, Bayer and Hoechst – diverged in their performance in the [redacted]ond quarter, reflecting their capacities [redacted] exploit growth in Germany and compensate for slower demand abroad.

[redacted] reported [redacted] better-than-expected [redacted] advance in pre-tax profits [redacted] quarter, [redacted] stark contrast to Hoechst where earnings slumped by [redacted].

Bayer on Wednesday stated [redacted] 1.4 [redacted] cent [redacted] pre-tax profits [redacted] second quarter, compared with the [redacted] period last year.

The three [redacted] suffering from [redacted] recession in large export markets, notably the US, and from price competition in [redacted] of their [redacted] in Germany [redacted] in export markets.

[redacted] results have exposed [redacted] companies' abilities to [redacted] with the pressures besetting them.

At [redacted] Bayer [redacted] BASF, [redacted] second quarter [redacted] improvement on [redacted]. At BASF, pre-tax earnings [redacted] *DM920m ($526m), up from* [redacted] in [redacted] first three months [redacted] the year, on an increase in turnover from DM11.4bn to DM12bn.

Pre-tax earnings for [redacted] half [redacted] down [redacted] the [redacted] compared with [redacted]. But [redacted] declines varied from [redacted] Bayer [redacted] at BASF to [redacted] Hoechst.

GERMAN CHEMICAL COMPANY RESULTS

	Bayer DMbn	[redacted] %	[redacted] DMbn	Change %	BASF DMbn	Change %
Pre-tax profit						
2nd quarter	1.07	-1.4	[redacted]	[redacted]	0.92	+3.3
1st half	1.95	-3.2	1.41	-22.3	1.55	-10.6
Turnover						
2nd quarter	11.42	+6.0	11.97	+5.2	12.04	+4.9
1st half	22.20	+2.0	[redacted]	+3.5	[redacted]	+0.6

Source: Company reports.

Hoechst's particularly steep fall in second-quarter earnings [redacted] DM591m from DM896m was partly due [redacted] its greater depen[redacted] plastics and fibres, where excess capacity in the industry has sharpened price competition in the [redacted] demand.

Hoechst Celanese in [redacted] US [redacted] large fibre operation supplying to [redacted] recession-bound automotive and construction [redacted].

[redacted] company [redacted] said [redacted] western European mar[redacted] had continued [redacted] during [redacted] year, with [redacted] European [redacted] 30 per [redacted] below [redacted] 1990 level.

Its drugs division, [redacted] 10 [redacted] cent between April and June, [redacted] not [redacted] significant a contribution [redacted] earnings [redacted] the [redacted] with Bayer's highly profit[redacted] line.

BASF [redacted] buoyed by its [redacted] business, which enjoyed [redacted] increase [redacted] in the [redacted] half.

This [redacted] in turnover in every [redacted] business segment – plastics and fibres, dyestuffs and basic chemicals.

Turnover in agrichemicals increased by [redacted] per cent [redacted].

Mr [redacted] Kley, [redacted] BASF [redacted]tive director, [redacted] BASF would continue to cut [redacted] consider the disposal [redacted] underperforming businesses.

Mr Kley [redacted] the outlook was uncertain [redacted] *group's* strong performance was driven by the special economic [redacted] German reunification. [redacted] said [redacted] during August showed slight [redacted] that the US [redacted] emerging [redacted] recession.

Nevertheless, Mr [redacted] that BASF [redacted] only [redacted] its year [redacted]formance for [redacted] with that [redacted] 1990 by making [redacted] effort to [redacted] the group on [redacted] most [redacted] *businesses* [redacted] reduce [redacted] fixed [redacted].

Bayer [redacted] most optimistic [redacted] three. It [redacted] forward to *earnings stabilising [redacted] its* diversification [redacted] begin [redacted] fruit.

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Milan tries to unravel the complexities of a scandal

LAST August, [redacted] collapse of [redacted] financier paralysed Italian equities for weeks. This year's [redacted] scandal, involving L100bn ($76.3m) in "missing" shares, has already triggered two brokers' insolvency and the postponment of today's scheduled bourse settlement day for August.

The insolvencies may also affect the September account, which began in mid-August, although brokers [redacted] the wind*ing-up process for their two* colleagues should also cover September transactions. Yesterday, Misafin, [redacted] finance house involved in [redacted] affair, also faced [redacted] financial crisis.

[redacted] scandals are nothing new in Milan. But [redacted] latest, which no one really understands, has gripped the market because of its size, complexity and the fact that it involves a bank controlled by Mr Carlo De Benedetti.

It also [redacted] just [redacted] the country's stock markets [redacted] belated reforms to shake off their [redacted] for inefficiency [redacted] sharp practice. Quirks like tiny, undercapitalised brokers, which [redacted] in billions of lire worth [redacted] deals, and [redacted] four-week [redacted] period – with settlement taking up to *six weeks – are just two of the* current oddities.

The details and motives behind the latest scam remain opaque. Suspicions [redacted] aroused in July, when Duménil Leblé, [redacted] financial institution owned by Mr De Benedetti's French holding company, Cerus, bought Geneva-based Assets Development Bank (ADB), which it then merged with its existing [redacted] private banking operation [redacted] form Banque Duménil Leblé (Suisse).

Despite [redacted] clean bill of health from [redacted] accountants, Duménil Leblé [redacted] soon [redacted] two ADB employees had been involved in alleged irregularities involving Italian equi[redacted] which had been cleared through ADB.

Clearing through Switzerland [redacted] unusual [redacted] Italian shares, [redacted] it gets round Italian stamp duty. However, [redacted] sons in the present [redacted] much [redacted] complex.

Apart from receiving regular monthly clearing [redacted] from [redacted] client, Dominion Trust, [redacted] Turin-based financial [redacted] linked to [redacted] Cana[redacted] financial services group of the same name, Duménil Leblé says ADB also received a list of [redacted] from a number [redacted] brokers [redacted] finance houses.

[redacted] ostensibly being [redacted] against loans during [redacted] monthly [redacted] period – a [redacted] place practice [redacted] Milan – although no money changed hands. According to Duménil Leblé, only the two dismissed ADB employees knew of the second, identical, [redacted] of instructions.

The crisis [redacted] following [redacted] demand by the two brokers, Montalcini, [redacted] small Turin-based firm, and Adorno, [redacted] *slightly bigger Milan-based* brokerage with around 1,000 clients, not to [redacted] the monthly arrangement, but *have the [redacted] returned in* [redacted] today's [redacted] settlement. Duménil [redacted] denied having possession of [redacted] shares. This week, a [redacted] magistrate backed its refusal to deliver any stock.

According [redacted] Consob, Italy's [redacted] market watchdog, the brokers' documentation [redacted] in order. However, Duménil Leblé, which informed both Consob [redacted] the [redacted] of [redacted] discoveries on August 20, [redacted] sticking to [redacted] guns – prompting the crisis.

> The latest Milan scandal, which no [redacted] really understands, has gripped the market because of its size, *complexity* and the fact that it involves [redacted] bank controlled by Mr Carlo De Benedetti, writes **Haig Simonian**

Duménil Leblé [redacted] is *the victim of an attempted* fraud, and has supported its [redacted] with evidence to [redacted] authorities. Meanwhile, [redacted] brokers have repeatedly protested their innocence. Privately, many [redacted] doubt [redacted] fraud could have [redacted] *place without [redacted] broker* involvement.

Central [redacted] whole [redacted] is [redacted] Roberto Caprioglio, the Turin financier who controls Dominion Trust and a string [redacted] similarly-named associated companies. Mr Caprioglio is already under investigation by Italian magistrates regarding Banca di Girgenti, a Sicilian bank he bought in 1988 and which was liquidated by the *Bank of Italy earlier this year.*

Mr Caprioglio is also known in Canada. Mr Dave Edgar, the executive vice-president of The Dominion Trust, the established Canadian financial services group, says he has tried since 1988 to get Mr Caprioglio's firm to change its name.

According to Mr Edgar, Mr Caprioglio's [redacted] company, [redacted] transferred from Italy [redacted] Canada [redacted] August last year, [redacted] name, causing con[redacted] identity [redacted] the two companies, and his group [redacted] investigating the Canadian side.

[redacted] bankers suspect [redacted] link between the fate of Banca di Girgenti, closed following the *discovery of irregularities* [redacted] equity portfolio, and [redacted] in Switzerland. "Shares may have been taken from the bank, *manipulated as part of* the Swiss fraud, and even used as collateral for loans from [redacted] banks", says [redacted].

The underlying motive [redacted] to [redacted] to create the impression of exaggerated equity holdings, which [redacted] possibly have been used later as collateral against loans from other banks.

It is [redacted] to the Swiss authori[redacted] and Consob [redacted] unravel the mess. Mr Caprioglio, whose passport had already been confiscated following the Sicilian bank investigati[redacted], is at liberty. Until Wednesday [redacted] least, the [redacted] and Misafin had also been going about their business normally.

Whichever [redacted] the [redacted] ends, its most important repercussions may already have [redacted]. Italy's antiquated *stock market rules*, [redacted] trading [redacted] mem[redacted] 200-strong Order [redacted] Stockbrokers, [redacted] already [redacted] change with [redacted] introduction of a new form of broking-cum-fund management company called a Societa di Intermediazione [redacted] (SIM).

The [redacted] domi[redacted] by the banks, and [redacted] number [redacted] brokers have already announced joint [redacted] with bank partners. The [redacted] to accel[redacted] their weaker colleagues' demise.

[redacted] affair will [redacted] increase pressure for shorter settlement, [redacted] at [redacted] other [redacted] bourses. The idea is under con*sideration, but* [redacted] *far* [redacted] SIMs and screen-based trading on the list of reforms [redacted] place.

The latest [redacted] should speed [redacted] matters. But with many small brokers already fearing for their survival alongside the SIMs, some analysts have warned [redacted] scandal may not be Milan's last, [redacted] until reforms [redacted].

Plunging trading volumes this [redacted] squeeze on small broking firms. With brokers destined for extinction under the reforms, some may be increasingly tempted [redacted] on business they might have thought [redacted] about in [redacted] past.

National Bank of Canada recovers

By [redacted] Gibbens in Montreal

[redacted] BANK [redacted] recorded [redacted] turnround in [redacted] third quarter, thanks to sharply higher interest margins [redacted] good results from its brokerage subsidiary.

[redacted] income was C$39.1m (US$34.2m), [redacted] 25 [redacted] share, up 78 per cent from C$22m, [redacted] cents [redacted] share, a year earlier.

Return [redacted] average [redacted] 0.42 per [redacted] per [redacted].

Earnings [redacted] first nine months were C$144.7m, [redacted] 94 [redacted] a share, down 5 per cent from C$153.1m, [redacted] C$1.05, earlier. Return on average [redacted] was [redacted] against 0.56 per cent. Total [redacted] at July 31 [redacted] C$37.2bn, up 1 per cent.

The third-quarter results were better than most analysts had expected.

Retail business was [redacted] despite the continuing recession. [redacted] provision [redacted] doubled to [redacted]m, partly because of [redacted] property exposure.

Non-interest expense was held to a gain of 6.2 per cent, mostly [redacted] automation.

INTL. COMPANIES AND CAPITAL MARKETS

Swire Pacific steady in spite of fall at airline unit

By Angus Foster in Hong Kong

SWIRE PACIFIC, the aviation, property and trading group controlled by [redacted] Swire family, yesterday announced stable interim profits despite a sharp [redacted] in [redacted] from Cathay Pacific Airways, [redacted] it controls.

Swire said net profits in the six months to the end of June slipped 1.3 per cent to HK$1.08bn (US$139m). The company is maintaining its [redacted] at 23 [redacted] per [redacted] share and [redacted] per B share.

[redacted] already-announced [redacted] per cent [redacted] in profits from Cathay Pacific was [redacted] by strong improvements from Swire's property [redacted] industry divisions.

Swire Properties, [redacted] has switched from property development to property investment, [redacted] rental income [redacted] HK$597m. The [redacted] division, which includes Coca-Cola bottling in Hong Kong, reported [redacted] "well [redacted] expectations", the [redacted] said.

[redacted] Gledhill, chairman, said the outlook for the [redacted] half of the year was [redacted] ing, especially [redacted] Cathay Pacific's [redacted] expected [redacted] improve.

"The growth seen in investment property income should continue, with higher overall profits being achieved within the property division for the full year. [redacted] expected [redacted] remaining [redacted] the [redacted] division in particular."

Swire is now one of Hong Kong's largest landlords following [redacted] switch to property [redacted] in [redacted] mid-1980s. Income is [redacted] in [redacted] half [redacted] developments come on [redacted] company [redacted] agreed with China [redacted] jointly [redacted] develop [redacted] bus depot [redacted] residential use.

Mr Gledhill said offshore oil and shipping services divisions increased profits, while those in the insurance division were stable. The depressed US economy affected the trading division, where profits declined.

Australian smelter moves into red

By Mark Westfield in Sydney

COLLAPSED lead and zinc prices have pushed Pasminco, the Australian smelting group, into the red for [redacted] end-June. The A$47.6m (US$37.3m) [redacted] follows a A$153.7m net [redacted] in the previous [redacted]

Mr Peter Barnett, group chief executive, [redacted] holders yesterday that Pasminco would [redacted] a [redacted] for [redacted] current year [redacted] commodity prices improved.

[redacted] said Pasminco would not pay a dividend for the year just ended and was unlikely to pay a dividend in the 1991-92 year.

Pasminco is controlled by CRA and North Broken Hill, with each of the mining houses holding [redacted] 40 per [redacted] The remaining [redacted] per [redacted] is in public hands. It was [redacted] 1988 through [redacted] of the [redacted] and zinc smelting operations [redacted] partners.

[redacted] for the [redacted] fell [redacted] $1.57bn from [redacted] year's $1.8bn, but operating earnings improved [redacted] of Pasminco's [redacted]

● Renison Goldfields, a Consolidated Goldfields associate, yesterday reported a [redacted] downturn in [redacted] profits [redacted] June.

The Australian mining [redacted] processing group blamed [redacted] on [redacted] 30 [redacted] fall in [redacted] from [redacted] once-booming mineral [redacted] operation, plus depressed commodity prices generally.

Operating profit before tax [redacted] abnormals also [redacted] A$55.32m from [redacted]

Depreciation increased [redacted] year, [redacted] group's interest bill climbed [redacted] from A$16.1m.

Mr Campbell Anderson, [redacted] ison's [redacted] executive, described [redacted] "disappointing".

Earnings [redacted] cents from 69.6 cents, and directors slashed the final dividend to 10 cents from 34 cents last year.

Iscor hurt by weak steel markets

By Philip Gawith in Cape Town

ISCOR, South Africa's largest steel producer, has blamed continued weakness in domestic and international markets for sharply lower profits in the year to June.

Operating profit for the year was 29 per cent lower at R796m ($277.4m), although turnover increased by [redacted] per cent [redacted] R7.36bn.

Tonnage sold locally fell 13.6 per cent to the lowest level in 12 years. Exports increased to 47 per cent of total tonnes sold, from 37 per cent last year.

Mr Marius de Waal, chairman, said the fall in operating profit had been the result of [redacted] lower trading margins, reflecting recessionary [redacted] nomic conditions. [redacted] blamed [redacted] increase in financ[redacted] owing [redacted] use [redacted] borrowings [redacted] capital expenditure.

He said [redacted] per [redacted] decline in [redacted] earnings, [redacted] R617m, [redacted] in line with forecasts [redacted]

The results continue [redacted] unhappy track record of the company since it [redacted] priva[redacted] in November [redacted] year, earnings [redacted] the prospectus [redacted]

Earnings per [redacted] dropped [redacted] from 50.1 cents, [redacted] cut to 11 [redacted] 17.6 [redacted]

● Murray [redacted] Holdings, [redacted] South [redacted] construction, engineering and industrial conglomerate, overcame a difficult operating environment [redacted] lift [redacted] earnings by 17 [redacted] in [redacted] year to June. The company, which is part of the Sanlam group, said turnover had risen 15 per cent to R4.6bn.

Earnings per share rose by 13 per cent to 500 cents, and the dividend was lifted 18 per cent to 156 cents a share.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on August 29

U.S. DOLLAR STRAIGHTS	Issued	[redacted]	[redacted]	Chg. day	Yield
ABBEY NATIONAL 8 7/8 95	150	102½	103	+¼	7.05
ALBERTA PROVINCE 9 3/8 95	600	103½	103¾	+¼	7.76
AUSTRIA 8 1/2 00	400	101¼	101½	[illegible]	8.27
BANK OF TOKYO 8 3/8 96	100	101	101½	+¼	8.08
BELGIUM 9 5/8 98	250	106¼	107¼	+¼	8.29
BFCE 7 3/4 97	150	100¼	100¾	+¼	7.71
BNP 8 5/8 94	300	103½	103½		7.39
BP CAPITAL 9 5/8 93	150	102¾	103¼	-¼	7.30
CANADA 9 96	1000	105¼	105½	+¼	7.58
CARCO 9 1/4 96	650	102½	103½	+1½	8.61
CCCE 9 1/4 95	300	105¼	105¾	+¼	7.46
COUNCIL EUROPE 8 96	100	100¾	101¼	+¼	7.81
CREDIT FONCIER 9 1/2 99	300	106¼	106½	+¼	8.30
DENMARK 8 98	250	[redacted]	97¾		8.41
DENMARK 8 1/4 94	190	[redacted]	103¼	+¼	7.18
ECSC 8 1/8 96	193	[redacted]	102¾	+¼	7.73
EEC 7 1/4 93	250	[redacted]	101¼	+¼	6.67
EIB 7 3/4 96	250	[redacted]	101½	+¼	7.46
EIB 9 1/4 97	1000	[redacted]	106	+¼	8.05
ELEC DE FRANCE 9 98	200	104½	104¾	+¼	8.07
EUROFIMA 9 1/4 96	100	104	104½		8.14
EXPORT DEV CORP 9 1/2 98	150	106¼	106¾	+¼	8.22
FINLAND 7 7/8 97	200	[redacted]	100	+¼	8.09
FINNISH EXPORT 9 3/8 95	200	104¼	[redacted]	-¼	7.97
FORD MOTOR CREDIT 9 1/2 93	300	103¼	[redacted]	-¼	7.78
GEN ELEC CAPITAL 9 3/8 96	300	[redacted]	105¼	+¼	7.96
GMAC 9 1/8 96	300	[redacted]	103¼	+¼	8.35
HALIFAX 9 1/2 93	200	103½	104¼	+¼	7.19
IBM WORLD TRADE 7 5/8 93	150	[redacted]	101¼	+¼	7.10
IND BK JAPAN FIN 7 7/8 97	200	[redacted]	[redacted]	[redacted]	8.26
INTER AMER DEV 7 5/8 96	200	[redacted]	100	+¼	7.73
ITALY 8 1/2 94	1500	[redacted]	103¼		7.25
JAPAN DEV BK 8 94	150	102¼	[redacted]	+¼	7.09
KANSAI ELEC PWR 10 96	350	107¼	107¾		8.06
LTCB 8 5/8 93	150	102	102½	+¼	7.15
NEW ZEALAND 8 93	100	101½	102		7.13
NIPPON CRED BK 9 3/4 93	150	104½	105	+¼	7.36
NIPPON TEL & TEL 9 3/8 95	200	105	105½	-¼	7.67
NORDIC INV BANK 9 93	200	103¼	[redacted]		6.96
ONTARIO HYDRO 11 5/8 94	200	108¼	[redacted]		7.52
OSTER KONTROLLBANK 8 1/8 93	200	102	102½	+¼	6.66
PETRO-CANADA 7 1/4 96	200	97¼	98¼	+¼	7.86
PRUDENTIAL RLTY SECS 8 99	345.216	53¼	[redacted]	+¼	8.92
QUEBEC HYDRO 9 3/4 98	150	106	106½	+¼	8.58
QUEBEC PROV 9 98	200	102¼	[redacted]	+¼	8.52
SAINSBURY 9 1/8 96	150	103¾	[redacted]	+¼	8.16
SAS 10 99	200	102¼	[redacted]	+¼	9.54
SBAB 9 1/2 95	500	104½	105	-¼	8.00
STATE BK STH AUST 9 1/4 93	100	102¾	103¼		7.12
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DEUTSCHE MARK STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWISS FRANC STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	[redacted]	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	96	95		9.45
KREDIETCORP 7 93 LFr	1000	95½	[redacted]		9.56
WORLD BANK 8 96 LFr	[redacted]	95¾	[redacted]		9.14
RABOBANK 5 3/4 97 Fl	[redacted]	84¼	[redacted]		9.81
UNILEVER 9 00 Fl	[redacted]	102	[redacted]	+¼	8.66
BCE INC 9 5/8 93 C$	[redacted]	99¾	100¼		9.81
BELL CANADA 10 5/8 99 C$	[redacted]	100¾	101¼	+¼	10.48
BRITISH COLUMBIA 9 1/4 93 C$	[redacted]	99¼	100		9.94
EIB 10 1/8 98 C$	[redacted]	99½	100¼	+¼	10.15
ELEC DE FRANCE 9 3/4 99 C$	[redacted]	97¾	98¼	+¼	10.20
FORD CREDIT CANADA 10 94 C$	[redacted]	99½	[redacted]	+¼	10.45
GENERAL ELECT CAP 10 1/4 93 C$	[redacted]	101¼	[redacted]	+¼	9.41
ONTARIO HYDRO 10 7/8 99 C$	[redacted]	102	[redacted]	+¼	10.45
OSTER KONTROLLBANK 10 1/4 99 C$	[redacted]	100¼	100¾	+¼	10.15
QUEBEC PROV 10 1/2 98 C$	[redacted]	100	[redacted]	+¼	10.48
ROYAL TRUSTCO 10 1/4 93 C$	100	99¾	[redacted]	+¼	10.43
SWEDEN 9 3/4 [redacted] C$	250	100¾	[redacted]	+¼	9.27
BELGIUM 9 1/8 [redacted] Ecu	1250	100¼	[redacted]		9.06
[redacted]	250	95½	[redacted]		10.16
CRED [redacted] % Ecu	[redacted]	96¾	[redacted]	-¼	9.91
[redacted] Ecu	[redacted]	91¾	93	+¼	9.90
[redacted]	[redacted]	96¼	96¾	+¼	9.28
[redacted]	[redacted]	104¼	104½		8.96
[redacted]	[redacted]	109	109½		9.18
[redacted] 9 1/8 01 Ecu	2750	100¼	100¾	+¼	8.99
[redacted] AS	[redacted]	103¼	103¾		11.25
COMM BK [redacted] 13 3/4 99 AS	[redacted]	109¾	110	+¼	11.82
COUNCIL EUROPE 13 93 AS	[redacted]	101¾	102¼	-¼	11.63
EKSPORTFINANS 12 3/8 95 AS	[redacted]	103¼	103¾		11.23
FORD CRED AUST 13 93 AS	[redacted]	100¾	101¼	-¼	12.48
MCDONALDS CANADA 15 95 AS	[redacted]	105¼	105¾	-¼	11.98
NAT AUSTRALIA BANK 14 3/4 94 AS	150	106¼	[redacted]		11.65
STATE BK NSW 14 1/4 99 AS	100	109¾	[redacted]		12.24
VOLKSWAGEN INTL 15 94 AS	100	106¼	[redacted]		11.79
ABBEY NATL TREAS 13 3/8 95 £	100	106¾	[redacted]		10.65
BARCLAYS JERSEY 9 1/2 93 £	250	98	98½		10.84
BRITISH GAS 12 3/4 95 £	300	105¾	106	+¼	10.66
DEUTSCHE BK FIN 11 94 £	225	101	[redacted]		10.44
EIB 10 97 £	386.5	98¼	[redacted]	+¼	10.38
FORD CREDIT FUNDING 9 5/8 93 £	90	97¼	97¾	+¼	11.58
INTER AMER DEV 11 3/8 95 £	75	102¼	[redacted]	+¼	10.42
ITALY 10 1/2 14 £	400	96¼	[redacted]	+¼	10.88
LAND SECS 9 1/2 07 £	200	84¾	[redacted]		11.62
LEEDS PERMANENT 9 1/4 93 £	50	97¼	[redacted]		11.09
NORWAY 10 1/2 94 £	200	100¼	[redacted]		10.38
ROLLS-ROYCE 9 5/8 93 £	150	97¼	[redacted]		11.32
SAINSBURY 10 7/8 93 £	100	99¾	[redacted]		10.97
SKANDINAVISKA ENSK 13 1/8 95 £	150	[redacted]	[redacted]	+¼	11.08
WORLD BANK 11 1/4 95 £	100	[redacted]	[redacted]		10.45
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.54
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.22
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.51
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.56
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.14
FLOATING RATE NOTES					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CONVERTIBLE BONDS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most [redacted] price of the shares.

Bolar and SmithKline settle action over drug

By Karen Zagor in New York

BOLAR, [redacted] pharma[redacted], and SmithKline [redacted] charges over [redacted] generic version [redacted] UK group's blood-pressure drug [redacted] after more than [redacted] of litigation.

[redacted] was [redacted] deceiv[redacted] the Food and Drug Administration, [redacted] watchdog, to support [redacted] application [redacted] duce a [redacted] of Dyazide.

[redacted] company, [redacted] charge against [redacted] year's earnings, [redacted] – in half-yearly instalments [redacted] – when the agreement [redacted] Beecham [redacted] signed. [redacted] settle[redacted] also ends charges [redacted] president, Mr [redacted]

Wall [redacted] expected Bolar [redacted] pay SmithKline [redacted] $100m.

However, [redacted] is now a [redacted] of [redacted] former [redacted] – it [redacted] most [redacted] generic drug companies [redacted] the scandal. [redacted] generic [redacted] Dyazide, with an estimated [redacted] of $70m a [redacted] in sales, [redacted] of Bolar's growth.

In [redacted] of [redacted] investigations, Bolar [redacted] to stop production and shipments of most of its drugs.

Mr Sam Isaly, an analyst at [redacted] Isaly in [redacted] York, [redacted] "Bolar [redacted] have one [redacted] in [redacted] 50 per cent stake in Somerset Labs," which markets Eldepryl, a drug used in the treatment of [redacted] Mr Isaly [redacted] $200m.

Pacific Dunlop raised bid set to win food group

By Mark Westfield

PACIFIC DUNLOP, a [redacted] Australian manufacturer, [redacted] expected to [redacted] full control [redacted] food and forestry group, Petersville Sleigh, after sweetening [redacted] A$1.20 [redacted] share and snaring [redacted] remaining [redacted] trolling [redacted] of the Adelaide Steamship group, writes [redacted] Westfield.

Ad[redacted] companies [redacted] accepted the original offer price of $1.15 a [redacted] for 50.1 [redacted] cent [redacted] their combined [redacted] per cent holding to give P[redacted] Dunlop control, [redacted] forced the predator to declare its offer [redacted]

[redacted] Dunlop agreed to increase [redacted] yesterday [redacted] attract [redacted] rest of the [redacted] shares. Petersville [redacted] unanimously recommended yesterday that minority shareholders accept the offer after rejecting it last week.

TNT sells stake in mining group

TNT, the troubled Australian transport group, has sold its 20 per cent shareholding in the Normandy Poseidon mining company in a complex share and option deal which will eventually raise A$110.5m (US$87m), writes Mark Westfield.

Half the stake was sold as shares and half as options. Normandy Poseidon's largest remaining shareholder, the South African Anglo-American Corporation, bought half the TNT share parcel at $1.20 a share. This lifted its holding from 15.5 per cent to the 19.9 per cent takeover threshold.

Mr Robert Champion de [redacted]igny, Anglo-American [redacted]ve chairman, bought 1 per [redacted] to lift his holding to 12 per cent.

Stockbroker J B Were sold the rest of the share tranche to institutions.

The options are exercisable before December next year, and were sold at $1.25, plus a 12.5 per cent fee on each option.

TNT said the proceeds would be used to reduce the group's $2.2bn debt.

Orient Corp buys out US partner

[redacted] Corporation, a [redacted] Japanese consumer financing [redacted] buy [redacted] partner in [redacted] Life [redacted] a joint [redacted] up [redacted] Combined [redacted] Company [redacted] America, [redacted] Tera[redacted] in Tokyo.

Next month, Orient will buy the 50 per cent stake held by Combined Insurance for Y10bn [redacted]). The US insurer is a [redacted] of Aon Corporation.

[redacted] has been difficult for newcom[redacted] to penetrate. Equitable Life Assurance Society, [redacted] US group, recently sold a 70 [redacted] in its ailing Japa[redacted] unit [redacted] Nippon Shinpan, Japan's largest consumer [redacted]

INTERNATIONAL CAPITAL MARKETS

Lord Young to head new Salomon committee

By Patrick Harverson in New York

SALOMON Brothers, the scandal-scarred Wall Street securities house, took more steps to [illegible] battered reputation yesterday.

It asked Lord Young, the former UK cabinet minister and current Salomon board member, [illegible] head a new compliance committee with responsibility for ensuring the firm operates within all [illegible] regulatory procedures. It also [illegible] Coopers [illegible] Lybrand, the accountants, [illegible] undertake a review of [illegible] firm's securities trading operations.

Mr Warren Buffett, the interim chairman [illegible] Salomon, [illegible] that he would put into effect any improvements suggested by Coopers & Lybrand once its comprehensive internal [illegible] and compliance review [illegible] completed.

Mr Buffett has instructed Mr Richard Scribner, the firm's chief compliance officer, and Mr Robert Denham, the newly-appointed general counsel [illegible] Salomon, to work alongside Coopers & Lybrand.

The aim of the [illegible] to improve [illegible] firm's compliance programme, [illegible] Mr Buffett, [illegible] that Salomon becomes "a leader in setting new standards [illegible] regulatory behaviour in the financial [illegible] industry".

In [illegible] development yesterday, investigations revealed that Mr Paul Mozer, the dismissed bond trader blamed by Salomon for ordering illegal trades and breaking Treasury rules, sold shares just before the scandal erupted.

When the 46,000 shares were sold the holding was valued at just under $1.7m. However, since the scandal broke Salomon [illegible] has [illegible] third of its value, and [illegible] yesterday's mid-session price of [illegible] holding [illegible] $1.1m.

If it can be proven that Mr [illegible] the [illegible] he knew [illegible] of [illegible] doing [illegible] Salomon would damage the [illegible] price, he [illegible] criminal charges for [illegible] trading. Mr Mozer has denied that [illegible] using inside information.

The state of New York yesterday added Salomon to the list of securities dealers who provide it with day-to-day investment services. Mr Mario Cuomo, governor of New York state, said the action was intended to preserve Salomon as "a viable leader of our financial services community".

See Observer

Rally in US may prompt rush of new issues

By Tracy Corrigan

A SPATE of new issues in the dollar sector of the Eurobond market is likely to follow the rally in [illegible] Treasuries [illegible] pushed the yield on the long bond through 8 per cent yesterday, according to dealers.

For many companies, 8 per cent on the long bond is [illegible] level [illegible] which [illegible] dollar financing [illegible] attractive.

INTERNATIONAL BONDS

[illegible] a borrower's point of view, [illegible] dollars [illegible] now [illegible] in [illegible] currency sector, apart [illegible] yen.

However, this means that coupons on dollar bonds may become unacceptably low for retail investors, especially in Switzerland and Germany. Historically, they have been used to gain higher returns by buying foreign bonds; with [illegible], they [illegible] prefer [illegible] foreign [illegible].

Meanwhile, [illegible] more Swed[illegible] yesterday, bringing the [illegible] new [illegible] in the [illegible] days to SKr900m.

Although [illegible] is undergoing [illegible] of interest [illegible] heavy [illegible] of [illegible] had outstripped [illegible].

[illegible] two deals, for Volkswagen and Swedish [illegible], [illegible] to have [illegible] placed quite comfortably, [illegible] that [illegible] kreditbank [illegible] burg's offering [illegible].

Volkswagen's deal on Wednesday, sparked by [illegible] of arbitrage opportunities, [illegible] comfortably [illegible] 1¾ point [illegible] day's trading, [illegible] bid. [illegible] of more [illegible] Thursday prompted the price to slip to less 1.80 bid. The [illegible] for SEK and LKB [illegible] quoted [illegible] 1.70 bid and [illegible] bid respectively.

Agreement on sale of IDB stake as Israeli banks' profits slide

State pushes on with plan to sell majority holdings

By Hugh Carnegy in Jerusalem

THE Israeli government said yesterday it had put back on course its efforts to sell the state's majority bank holdings. This followed the signing of an agreement on the fate of Israel Discount Bank, the country's third largest bank, with its founders, the Recanati family of Tel Aviv.

A previous move to sell back a controlling interest in IDB to the Recanatis foundered. The Bank of Israel and the Attorney-General objected because leading members of the family group, notably Messrs Rafael and Udi Recanati, faced criminal charges being heard in connection with the bank share scandal of 1983. This scandal prompted the government's purchase of bank stock in the first place.

The government is hoping yesterday's agreement will at last open the way to the full privatisation of IDB and the other three principal banks, Bank Hapoalim, Bank Leumi and Bank Mizrahi.

Although the names of bidders for Bank Mizrahi are due [illegible] today, failure to [illegible] investors [illegible] bid against [illegible] Recanatis [illegible] severely undermined [illegible] bank sale-programme.

[illegible] agreement [illegible] Recanatis, [illegible] family, [illegible] remained in control [illegible] IDB group [illegible] and [illegible] a preferential voting system, will purchase [illegible] 25.1 per cent share [illegible] IDB Bankholding Corporation from [illegible] government [illegible]. A [illegible] one-share, one-vote structure will give the [illegible]tis a 57 [illegible] cent [illegible] company.

The holding [illegible] will have a 73.5 per cent share of its [illegible] arm, IDB Development Corporation, one [illegible] Israel's richest investment groups. But to get around the dispute over the fitness of the Recanatis to own the bank, the family has agreed to reduce the holding company's share in it from 66 per cent to 13 per cent.

The government intends to sell a stake in the bank of at least 25 per cent in a competitive tender. It says the Recanatis will only be able to participate if they win the approval of the Bank of Israel.

So far the central bank, which wanted to split the bank from the rest of the IDB group, has opposed handing back control of the bank to the Recanatis while they remain on trial for their [illegible] in the manipulation of share prices which led to a $7bn government bail-out of the banking system.

However, the Recanatis made clear yesterday they intended to fight for control of the bank as well as the rest of the group.

Impact of Gulf war has depressing effect

By Hugh Carnegy

ISRAEL'S top three banks have recorded a drop in profits in the first half of this year, in large part reflecting the impact of the Gulf war on the economy in the first quarter and a continuing trend of tightening margins.

Worst hit was Bank Leumi, the second largest by asset value. Operating income rose 17 per cent over the first half of 1990 to Shk452m ($134.7m). Expenses of Shk986m, high compared with its rivals, were up by less than 2 per cent.

But losses of Shk40m in Bank Leumi Trust Company of New York – a subsidiary whose real estate losses were largely responsible for a 60 per cent drop in group profits in the full 1990 year – and increased bad debt provisions at home led to a 53 per cent slump in net first-half profits to Shk54.1m.

Total assets at the end of June were down almost 1 per cent, compared with six months earlier, at Shk67.4bn. Return on equity in annual terms was 3.4 per cent in the first half.

Along with its rivals, Leumi blamed changes in accounting for inflation for a significant drop in income. But its result allowed Bank Hapoalim to maintain its position as the leading Israeli bank, despite a 13 per cent drop in net profits in the first half to Shk75m from Shk86m in the same period last year.

In contrast with Bank Leumi, which saw provisions rise more than 18 per cent to Shk211.5m, Hapoalim was able to reduce the amount set aside for bad debts by nearly 16 per cent, to Shk274m from Shk325m.

[illegible] at Hapoalim fell to Shk82.5bn [illegible] Shk79.8bn while return on equity stood at 5.3 per cent.

Israel Discount Bank, the third largest, reported a 12.7 per cent drop in profits to Shk30.3m from Shk34.7m in the first half last [illegible].

Total assets were up [illegible] Shk87.65bn compared with Shk87.3bn at the end of 1990. Return on equity was 3.6 per cent.

Data lift Treasuries at both ends

By Patrick Harverson in New York and Sara Webb in London

THE [illegible] weak housing [illegible] figures and personal income [illegible] buoyed US bond market sentiment and pushed prices higher [illegible] both ends of the maturity range yesterday morning.

By midday, [illegible] benchmark 30-year [illegible] up [illegible] 101$\frac{11}{32}$, yielding [illegible] per cent. The two-[illegible] firmer, up $\frac{1}{32}$ [illegible] 100$\frac{1}{32}$, [illegible] carry a yield [illegible].

The [illegible] sparked a [illegible] round [illegible] buying [illegible] the report [illegible] per [illegible] in [illegible] home [illegible] (to [illegible] of 472,000) and [illegible] 0.1 per cent drop in personal income during July.

The fall in home sales was considerably bigger [illegible] forecast and the continued poor [illegible] demand for [illegible] homes suggests the recovery from [illegible].

GOVERNMENT BONDS

The rally in the [illegible] Treasury bond market helped push up European markets.

■ THE French government bond market rose on renewed hopes of [illegible] in the intervention rate. Traders reported strong buying [illegible] short-dated French [illegible] this week [illegible] anticipation of an [illegible] cut.

[illegible] that French GDP growth in the second quarter was higher than expected at 0.8 per cent had little affect.

The [illegible] on the Matif opened [illegible] closed at 106.28. 3.

[illegible] Germany, [illegible] Liffe bund futures [illegible] opened [illegible] 85.1, reached [illegible] high [illegible] then fell back to trade at around 85.19.

■ UK government [illegible] followed the US Treasury bond rally.

The benchmark 11¾ per cent gilt due 2003/07 opened at 111$\frac{3}{4}$ [illegible] moved to 112$\frac{1}{8}$ by [illegible] to yield [illegible] per [illegible].

■ IN Japan, [illegible] on the [illegible] 129 JGB opened [illegible] per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	[illegible] ago	[illegible] ago
AUSTRALIA		12.000	11/01	[illegible]	[illegible]	10.84	10.54	11.00
BELGIUM		9.000	06/01	[illegible]	[illegible]	9.25	[illegible]	[illegible]
CANADA *		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DENMARK		[illegible]	11/00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FRANCE	BTAN	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	OAT	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GERMANY		[illegible]	06/01	102.2400	[illegible]	[illegible]	8.48	8.56
ITALY		[illegible]	03/01	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JAPAN	[illegible]	[illegible]	03/96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	03/00	[illegible]	[illegible]	[illegible]	[illegible]	6.59
NETHERLANDS		[illegible]	[illegible]	[illegible]	+0.140	[illegible]	[illegible]	[illegible]
SPAIN		[illegible]	07/96	[illegible]	[illegible]	11.67	[illegible]	12.10
UK GILTS		10.[illegible]	11/96	100-06	+06/32	[illegible]	10.02	10.28
		10.000	02/01	[illegible]	+08/32	[illegible]	9.96	10.16
		9.000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US TREASURY *		[illegible]	08/01	[illegible]	+11/32	7.76	[illegible]	[illegible]
		[illegible]	08/21	[illegible]	+19/32	8.01	[illegible]	[illegible]

London closing. *denotes New York morning session. Yields: Local market standard. [illegible] US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

CBOE cuts staff as volume falls

By Barbara Durr in Chicago

THE Chicago Board Options Exchange, the world's largest options market, will cut staffing by nearly 12 per cent due to reduced trading volume.

The CBOE is making 75 people redundant, representing about 8 per cent of its 950-strong workforce, and natural attrition will bring the total reduction to 110.

A CBOE spokesperson said that the options industry had seen an overall decline in volume, and to bring expenses into line the exchange was undertaking cost reduction measures, including staff cuts.

In a memo to the floor this month, Mr Alger "Duke" Chapman, the CBOE chairman, said that while the break-even volume for [illegible] exchange [illegible] contracts [illegible] day, [illegible] July daily [illegible] just 38[illegible].

August daily volume [illegible] to 457,000 contracts, but trading [illegible] pushed up [illegible] in [illegible] exchange [illegible] apparently [illegible] counting on continued buoyancy in options.

Two other leading US options markets, the American and Pacific stock exchanges, have already taken measures to reduce staff because of lower trading volumes.

● The CBOE is to begin trading options on Telefonos de Mexico (Telmex), the Mexican telecoms group, on September 5. Telmex, privatised in 1990, is Mexico's largest publicly-traded company, and is listed on the New York Stock Exchange. They will be the first options for a Mexican stock listed for trading at a US exchange.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
FRENCH FRANCS						
[illegible]	1bn	[illegible]	101.183	1998	1⅞	[illegible] Cap.Markets
YEN						
[illegible] Kagaku(a)†	10bn	7.2	101.80	1999	[illegible]	[illegible]
SWEDISH KRONOR						
[illegible]	300	10½	100⅝	1996	1⅞/1¼	[illegible]
[illegible]	300	10¾	101.40	1996	1⅞/1¼	[illegible]
US DOLLARS						
Lechters(c)§†	[illegible]	[illegible]	[illegible]	2001	2½/1½	[illegible]

*Private placement. [illegible] §With equity [illegible] note. †Final [illegible] b) [illegible] with existing FFr1.5bn deal launched in April. Non-callable. c) Amount increased from $60m and coupon was indicated at (6-6¼%). Conversion premium fixed at 21.257%.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS. Figures in [illegible] show [illegible] of stocks per section

	Equity groups & sub-sections	Thu Aug 29 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 [illegible]	Wed Aug 28 Index No.	Tue Aug 27 Index No.	Fri Aug 23 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS [illegible]	863.77	+0.6	9.73	5.60	12.68	[illegible]	[illegible]	855.94	858.27	762.20
2	Building Materials (24)	1113.58	-0.5	8.27	5.58	15.35	31.82	1108.02	1100.13	1102.57	966.48
3	Contracting, Construction (31)	1161.97	-0.3	9.47	6.72	13.96	32.68	1165.94	1163.46	1164.45	1223.11
4	Electricals (11)	2457.27	+0.1	9.74	5.42	13.13	63.95	2453.96	2465.47	2481.79	2092.81
5	Electronics (24)	1766.40	+0.8	8.50	5.15	15.15	48.40	1751.88	1756.26	1757.31	1612.24
6	Engineering-Aerospace (8)	407.27	-0.8	16.78	6.16	7.15	12.11	410.47	407.34	409.65	426.31
7	Engineering-General (45)	482.80	+0.6	11.04	5.32	11.11	13.13	480.15	479.80	478.81	417.03
8	Metals and Metal Forming (8)	456.97	+1.1	14.82	7.73	8.26	17.15	451.96	447.71	449.72	423.21
9	Motors (12)	359.26	+0.1	9.14	6.69	13.48	12.13	358.99	356.94	358.41	309.89
10	Other Industrial Materials (20)	1664.18	+1.2	8.41	4.83	13.97	36.42	1643.76	1639.21	1646.64	1351.29
21	CONSUMER GROUP (188)	1560.15	+0.4	7.39	3.51	16.69	26.76	1553.30	1548.67	1561.66	1195.64
22	Brewers and Distillers (22)	1901.51	+0.6	8.08	3.51	15.09	34.70	1889.63	1884.04	1898.02	1483.43
25	Food Manufacturing (19)	1222.60	+0.6	9.38	4.05	13.17	24.86	1214.98	1212.91	1219.08	1007.31
26	Food Retailing (17)	2642.92	-0.2	8.12	3.15	16.10	44.38	2647.60	2632.27	2673.16	2397.92
27	Health and Household (22)	3748.60	+0.8	5.17	2.31	22.06	35.00	3719.07	3701.21	3739.16	2305.89
29	Hotels and Leisure (23)	1368.52	+0.6	8.70	5.09	13.85	35.83	1360.67	1352.34	1360.51	1257.55
30	Media (26)	1491.57	+0.2	7.39	4.76	17.62	38.58	1488.26	1488.80	1491.95	0.00
31	Packaging, Paper & Printing (18)	767.85	+0.1	7.35	4.29	16.45	15.40	766.92	767.57	769.32	527.85
34	Stores (32)	1015.22	+0.1	7.53	3.66	17.33	17.12	1014.10	1013.25	1023.84	794.19
35	Textiles (9)	606.24	-0.6	8.28	5.11	14.99	14.09	610.01	613.49	614.71	423.84
40	OTHER GROUPS (109)	1283.91	+0.5	9.56	5.02	13.05	31.65	1277.98	1276.91	1283.58	1027.52
41	Business Services (12)	1406.41	+0.5	7.67	4.66	16.13	29.77	1399.93	1402.16	1409.29	0.00
42	Chemicals (21)	1487.91	+0.7	6.85	4.84	18.00	45.88	1477.49	1467.56	1469.73	1049.97
43	Conglomerates (10)	1515.69	+0.6	9.82	6.96	12.29	35.14	1506.32	1501.89	1519.91	1433.26
44	Transport (13)	2316.79	+0.3	7.75	4.63	15.99	50.50	2309.25	2313.41	2317.60	1978.55
45	Electricity (16)	1228.78	+0.3	14.25	5.30	8.97	24.04	1224.75	1225.71	1230.15	0.00
46	Telephone Networks (4)	1543.35	+0.5	9.57	3.94	13.68	28.34	1535.41	1543.35	1555.59	1133.36
47	Water (10)	2377.24	+0.1	17.21	6.48	6.43	118.37	2374.30	2364.95	2379.66	1971.15
48	Miscellaneous (23)	1949.79	+0.3	6.13	4.97	21.24	47.89	1943.77	1929.50	1930.11	1508.88
49	INDUSTRIAL GROUP (480)	1302.66	+0.5	8.54	4.40	14.50	28.00	1296.47	1293.45	1301.56	1043.03
51	Oil & Gas (20)	2478.69	+0.7	10.55	5.56	12.50	77.74	2461.69	2470.55	2486.56	2404.83
59	500 SHARE INDEX (500)	1403.23	+0.5	8.79	4.54	14.21	31.95	1396.19	1393.97	1402.75	1154.45
61	FINANCIAL GROUP (92)	836.44	+0.4	–	5.57	–	26.77	832.97	831.72	836.06	713.25
62	Banks (9)	981.02	-0.3	4.34	5.43	43.18	36.83	983.92	981.81	990.14	770.19
65	Insurance (Life) (7)	1605.73	+0.6	–	5.16	–	41.64	1596.69	1587.25	1589.20	1344.27
66	Insurance (Composite) (6)	668.12	+3.0	–	6.57	–	22.61	648.59	652.04	654.23	605.47
67	Insurance (Brokers) (9)	1167.70	-0.1	7.01	5.78	18.66	30.86	1169.21	1164.94	1168.11	850.40
68	Merchant Banks (7)	442.23	+0.6	–	4.74	–	12.16	439.54	438.55	436.18	381.26
69	Property (36)	929.28	-0.4	5.98	5.01	23.80	20.96	932.79	931.57	938.90	937.01
70	Other Financial (18)	263.37	+0.7	10.91	6.88	11.48	7.99	261.56	260.42	258.88	255.21
71	Investment Trusts (69)	1240.82	+0.5	–	3.48	–	22.35	1234.05	1232.16	1235.41	1063.99
99	ALL-SHARE INDEX (661)	1265.31	+0.5	–	4.65	–	30.23	1259.10	1257.11	1264.73	1047.54

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Aug 28	Aug 27	Aug 23	Aug 22	Aug 21	Year ago
FT-SE 100 SHARE INDEX‡	2638.2	+14.0	2642.8	2631.0	2624.2	2619.8	2640.7	2623.0	2601.9	2153.6

FIXED INTEREST

	PRICE INDICES	Thu Aug 29	Day's change %	Wed Aug 28	Accrued Interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	121.92	+0.11	121.79	2.17	7.71
2	5-15 years (27)	132.93	+0.31	132.52	1.69	9.52
3	Over 15 years (9)	142.69	+0.51	141.96	3.16	7.40
4	Irredeemables (6)	155.98	+0.16	155.73	2.47	8.48
5	All stocks (70)	131.91	+0.26	131.57	2.02	8.81
	Index-Linked					
6	Up to 5 years (1)	162.61	-0.12	162.81	1.00	2.72
7	Over 5 years (10)	146.24	+0.20	145.94	0.54	3.15
8	All stocks (11)	147.29	+0.19	147.01	0.56	3.14
9	Debs & Loans (58)	111.73	+0.06	111.66	2.17	7.16

	AVERAGE GROSS REDEMPTION YIELDS		Thu Aug 29	Wed Aug 28	Year ago (approx.)
	British Government				
1	Low	5 years	8.91	8.95	11.11
2	Coupons	15 years	9.63	9.67	11.11
3	(0%-7¾%)	20 years	9.63	9.67	11.11
4	Medium	5 years	9.97	10.02	12.08
5	Coupons	15 years	9.80	9.86	11.63
6	(8%-10¾%)	20 years	9.76	9.81	11.49
7	High	5 years	10.15	10.20	12.19
8	Coupons	15 years	9.92	9.97	11.90
9	(11%-)	20 years	9.83	9.87	11.78
10	Irredeemables		9.85	9.86	11.25
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.91	3.85	4.77
12	Inflation rate 5%	Over 5 yrs.	4.31	4.32	4.33
13	Inflation rate 10%	Up to 5yrs.	2.93	2.87	3.61
14	Inflation rate 10%	Over 5 yrs.	4.12	4.13	4.15
15	Debs &	5 years	11.56	11.65	14.15
16	Loans	15 years	11.37	[illegible]	13.23
17		25 years	11.19	[illegible]	12.91

‡Opening index 2636.9; 9 am 2636.6; 10 am 2631.7; 11 am 2632.0; Noon 2638.3; [illegible] pm 2639.3; 2 pm 2642.4; 2.30 pm 2642.8; 3 pm 2639.4; 4.10 pm 2637.6; (a) 2.31pm (b) 10.15am § Flat yield. Highs and lows [illegible] base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, [illegible] Minories, London EC3N 1DY. Tel: [illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
[illegible] Funds	[illegible]	4	11
Corporations, Dominion and Foreign Bonds	0	0	20
Industrials	382	167	954
Financial and Property	177	76	[illegible]
Oils	[illegible]	14	54
Plantations	[illegible]	0	10
Mines	12	62	92
Others	36	32	48
Totals	695	375	1,679

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

[illegible]

For rate indications see end of London Share Service

LONDON TRADED OPTIONS

[illegible]

Impala Platinum Holdings Limited

(Incorporated in the Republic of South Africa)
(Registration number [redacted])

Excerpts from the chairman's review

1. Results for the [redacted] *financial* year

The financial year ended 30 June 1991 saw [redacted] welcome improvement in the Group's financial results, though profits still fell short of the record level [redacted] in [redacted] Revenue from [redacted] platinum and by-products produced by Impala Platinum Limited ("Impala") [redacted] by *some 9%* [redacted] R2,27 billion, [redacted] of [redacted] by [redacted] R1,41 *billion. Accordingly, income* from the supply of metals amounted to R857,3 million, [redacted] R111,2 million [redacted] improvement on the previous year.

The Board has decided to change the *basis of accounting for capital* expenditures. Henceforth, *general ongoing expenditures* [redacted] routine *nature that are incurred to maintain* the installed productive capacity of the mines [redacted] "above-the-line" [redacted] "expenditure [redacted] current productive capacity". In addition, [redacted] reduction in [redacted] associated [redacted] major non-routine capital expenditures (incurred both to maintain installed productive capacity in the future and to increase that capacity) will be incorporated in the annual *taxation charge in the income* statement, so that the total *tax charge for the period will relate largely to* [redacted] *Overall*, [redacted] changes [redacted] result [redacted] conservative statement of Group income.

In accordance with the changed accounting convention, [redacted] charge of R95,2 *million was* [redacted] *for expenditure* [redacted] *current productive capacity* (R107,9 *million in 1990*). [redacted] from other operations [redacted] R13,6 million (*R42,8 million* in 1990), and interest received [redacted] paid by R67,6 million (R57,4 million in 1990). In consequence, Group [redacted] before taxation totalled R843,3 million, which was [redacted] higher than in the [redacted] financial year.

[redacted] provision for lease, royalties [redacted] R556,6 million (R482,5 million in 1990), which [redacted] includes a charge of R189,1 million (R29,3 million in 1990) arising from [redacted] new accounting policy. [redacted] income from associated companies in [redacted] Lonrho Group [redacted] R30,0 million (R11,7 million [redacted] 1990). *Consequently*, [redacted] *allowing* [redacted] shareholders' *interests*, [redacted] Group [redacted] R311,8 million, [redacted] nearly [redacted] higher than [redacted] corresponding figure [redacted] R250,5 million in [redacted]

(I note in passing the effect of the changed basis of accounting. Had the accounts been prepared on the previous basis, attributable income would have been R596,1 million, or 54%, higher than the R387,7 million achieved in the [redacted] financial year.)

An amount of R130,2 million was raised as an *extraordinary item* as a provision against the underlying investment in [redacted] so writing that investment down to the net asset value at the date of acquisition.

The *Group* cash position has been stronger than I had anticipated last year. Despite the heavy capital programme, *cash balances* have been positive throughout much of the year, as is reflected [redacted] the net [redacted] earnings. At year end, the Group cash balance, net of all loans, was R79,9 million.

In line with these improved results, [redacted] to increase the total dividend for the 1991 financial year to 275 cents per share, compared [redacted] in [redacted] and [redacted] Accordingly, [redacted] final [redacted] cents per [redacted] been declared, payable [redacted] 11 October 1991.

2. Sales

The increase in Impala's [redacted] was [redacted] entirely [redacted] higher rhodium [redacted] achieved; [redacted] *from* [redacted] *of all other products* [redacted] *negligible exceptions*, lower than in the previous year.

[redacted] quantity [redacted] platinum sold [redacted] by [redacted] but this increase was more than offset by the decrease of some $42/ounce in the average price achieved. The quantity [redacted] rhodium [redacted] 4 [redacted] ounces lower, but [redacted] doubled, [redacted] *rhodium* [redacted] *nearly* [redacted] revenue, *compared to* [redacted] by platinum. [redacted] palladium [redacted] the only two other [redacted] contribute significantly [redacted]

Insofar as [redacted] *is concerned*, [redacted] Impala's platinum [redacted] *increase marginally* [redacted] *year's* [redacted] should show an *increase as our drive to improve* [redacted] and reduce *the lock-up of* [redacted] refineries [redacted]

The expansion plans that I announced last year, to reach an output of 1,35 million [redacted] *during* [redacted] year, [redacted] *premised* [redacted] *expectation* [redacted] autocatalyst [redacted] might [redacted] *2,2 million* ounces in the [redacted] financial year, and that, given [redacted] growth [redacted] in the [redacted] platinum, [redacted] (excluding [redacted] products) might [redacted] around 4,5 million ounces. I am increasingly coming [redacted] the [redacted] these [redacted] conservative – perhaps by [redacted] much [redacted] a half-million [redacted] – particularly [redacted] *requirements* [redacted] *concerned*. [redacted] view [redacted] *major decline* [redacted] *prices of* platinum [redacted] metals in [redacted] few months, [redacted] a [redacted] possibility that newly [redacted] supplies of metal will be [redacted] demand by [redacted]

The depressed market circumstances are likely to lead to [redacted] *sharp drop* in [redacted] availability of recycled metal. [redacted] importantly, [redacted] present [redacted] particular challenge [redacted] the southern African producers, who are all engaged in long-lead time, capital intensive expansion programmes [redacted] them [redacted] meet [redacted] increased metal supplies requested by [redacted] for [redacted] The platinum *price* [redacted] *now fallen* [redacted] *level where*, [redacted] *for* [redacted] *rhodium revenues*, the *platinum mines would find themselves in financial straits similar to those* of the marginal [redacted] *African* gold mines; indeed, [redacted] with rhodium at its present level, revenues are much lower than would normally justify [redacted] in new capacity.

Despite the confidence that I expressed *above* regarding the prospects of platinum [redacted] metals, prudence will [redacted] the platinum producers to [redacted] capital [redacted] in the [redacted] current [redacted] market conditions. For example, our acquisition of the Barplats Group will result in a large reduction in the production targets of its [redacted] The *output of the Crocodile River Mine is now scheduled to reach* 90 000 ounces only by [redacted] and no other production – *for example from the* Kennedy's [redacted] Mine – is planned for the foreseeable future. This [redacted] with widely quoted production [redacted] but a [redacted] ago [redacted] more than [redacted] figure. *If* [redacted] present price [redacted] persists, [redacted] *cutback* [redacted] *future production by* Barplats will *prove* [redacted] the [redacted] *others.*

3. Operations

[redacted] *in large measure* to [redacted] production problems experienced at [redacted] Wildebeestfontein North Mine, to which I [redacted] in the half-year [redacted] the tonnage milled by Impala was actually [redacted] 700 [redacted] tons lower than in 1990, whereas we had planned on an [redacted] of [redacted] 000 tons. Fortunately our [redacted] at grade control [redacted] more successful, [redacted] that the quantity of platinum [redacted] from [redacted] milled increased marginally. Progress in overcoming the [redacted] North problems (mainly by increasing the quantity of [redacted] ore mined) has [redacted] little more rapid than I anticipated at mid-year, and [redacted] mine performed [redacted] production *targets in May and June.*

Due [redacted] the [redacted] the processing time and improvements in recoveries, [redacted] actual output of [redacted] platinum from the refinery was only [redacted] ounces [redacted] than in [redacted] previous [redacted] The coming [redacted] financial year should see output rise, but [redacted] the increase will [redacted] affected by [redacted] current labour unrest, [redacted] which I refer below. The output [redacted] rhodium increased marginally [redacted] improvements that we [redacted] identified and [redacted] started [redacted] implement, and I am confident that [redacted] *shall see a further increase* in the coming year. The output [redacted] *nickel was lower* [redacted] *larger proportion* of UG2 [redacted] *processed.*

The unit production costs [redacted] kept reasonably under control despite the problems [redacted] North, and [redacted] by 11% [redacted] R1 [redacted] platinum refined. Our forecasts [redacted] that we will be hard pressed [redacted] improve on [redacted] increase in the coming [redacted] in view [redacted] the inflationary [redacted] being *experienced.*

Capital projects generally, [redacted] the Group expansion programmes in particular, proceeded according to schedule, though [redacted] actual expendi-[redacted] have generally been lower than [redacted] forecasts [redacted] I [redacted] year. Nevertheless, capital expenditures [redacted] the mines [redacted] Impala rose materially to R381,4 million (R154,5 million in 1990) and are currently *planned* [redacted] *increase further – to some R440 million – in the* [redacted] as [redacted] expansion [redacted] gains [redacted]

Good [redacted] towards [redacted] development [redacted] the Deeps. A [redacted] now [redacted] completed [redacted] the [redacted] grades similar to those in the original [redacted] In April, the Board approved the [redacted] Deeps shaft, No. 15, [redacted] *eventually* [redacted] a little [redacted] R1 [redacted] It should reach full production in [redacted] and have a life in excess of [redacted]

The sinking [redacted] No. 14 [redacted] continued satisfactorily [redacted] reached [redacted] depth of [redacted]

Construction of [redacted] plant for [redacted] mills [redacted] flotation [redacted] to [redacted] 150 000 [redacted] of platinum [redacted] annum [redacted] is progressing well. These facilities, together with [redacted] No. 5 furnace, should be commissioned later [redacted] year. The Board recently approved a capital [redacted] of R91,5 [redacted] for [redacted] further [redacted] equipment [redacted] this plant, [redacted] *order* [redacted] *pursue* [redacted] *improvements* [redacted] recovery. It *is likely that the final two mills* will be the largest ever used by [redacted] industry [redacted] southern Africa.

Capital expenditures [redacted] Messina Limited [redacted] R46,4 million (R17,8 *million* [redacted] *1990*) [redacted] *project gathered* momentum; [redacted] of [redacted] million [redacted] financial year.

[redacted] early in July 1991, [redacted] employees in Bophuthatswana have engaged in various forms of industrial action, including short strikes, working *half-shifts* [redacted] "go-slow" procedures. Production [redacted] extent, but *provided* [redacted] *normal conditions are restored* in [redacted] near future, the [redacted] will not [redacted]

4. Prospects

The coming year [redacted] a challenging [redacted] for all our employees. Management [redacted] closely on improving the efficiencies and [redacted] recoveries [redacted] our [redacted] and refineries, and on implementing [redacted] *major capital projects in* [redacted] *are engaged.* I [redacted] we shall make good [redacted]

[redacted] price [redacted] by platinum [redacted] rhodium is of course [redacted] cause [redacted] if this persists we shall not [redacted] able to [redacted] *the financial performance of the* [redacted] year.

[redacted] Gilbertson	Johannesburg
[redacted]	[redacted] August 1991

Audited results for the year ended 30 June 1991

Consolidated Income Statement

	1991	1990
	(R Millions)	
[redacted]	2 269,2	2 089,9
Cost of sales	1 411,9	1 343,8
On-mine operations	1 181,8	1 076,0
Refining operations	200,5	186,2
Selling and other costs	70,3	89,1
(Increase in stock)	(40,7)	(7,5)
[redacted] from the supply [redacted] metals produced	857,3	746,1
Expenditure on current productive capacity	95,2	107,9
[redacted] from platinum mining operations	762,1	638,2
[redacted] from other [redacted]	13,6	42,8
[redacted]	67,6	57,4
Income before [redacted]	843,3	738,4
[redacted] consideration, royalties [redacted]	556,6	482,5
Income [redacted] earnings from [redacted]	286,7	255,9
[redacted] income [redacted]	30,0	11,7
Consolidated [redacted] after taxation	316,7	267,6
Outside shareholders' [redacted]	4,9	17,1
Attributable income	311,8	250,5
Extraordinary items (note 2)	(130,2)	16,1
Appropriated for expenditure [redacted] *productive capacity*	97,1	17,3
Transfer to non-distributable [redacted]	10,5	–
Distributable income [redacted] year	74,0	249,3
[redacted] brought forward	216,4	369,2
[redacted] for distribution	290,4	618,5
[redacted]	168,2	152,9
Transfer [redacted] non-distributable reserves on capitalisation of metallurgical pipeline	–	249,2
[redacted]	122,2	216,4
Average number [redacted] issue (*millions*)	61,28	61,16
Earnings [redacted] (cents)	509	410
[redacted] per [redacted] (cents)	275	250

Notes:

1. ***Acquisition of a controlling* interest in Barplats Investments Limited ("*Barplats*")**

   The company acquired, with effect from 21 May 1991, a controlling interest in Barplats. The financial results of Barplats and its subsidiaries have not been included in the consolidated financial accounts for reasons [redacted] in the published annual financial statements.

2. **Extraordinary items**

   An amount of R130,2 million was raised as an extraordinary item as a provision against the underlying investment in Messina Limited, so writing that investment down to the net asset value at the date of acquisition.

3. **Change in accounting policy**

   [redacted] *The directors considered* it appropriate to *change* the accounting policy for expenditure on *mining assets in order to achieve* the following objectives:
   - to reflect better the profit from operations in any one year
   - by *matching as reasonably as possible* regular ongoing expenditure incurred [redacted] and *support* [redacted]
   - by giving effect to the tax benefits derived either from expenditure incurred to maintain current levels of capacity in the future or from expenditure to expand capacity, and
   - to match better *capital expenditure* with the source of funding.

   (ii) This change in accounting policy [redacted] had [redacted] on [redacted] retained income at the beginning of the year. However, it has had the effect of reducing attributable income in the previous year by R137,2 million to R250,5 million.

   (iii) The details of the change *in policy are disclosed* in the published annual financial statements.

For and on behalf [redacted] the board

B P Gilbertson	**J M McMahon**
[redacted]	*Director*

Declaration [redacted] final dividend

[redacted] final dividend of [redacted] cents per share in respect of the year ended 30 June 1991 has been declared payable to members registered in the books of the [redacted] on [redacted] September [redacted] register [redacted] will be closed from 16 to [redacted] September 1991, inclusive. The [redacted] is [redacted] in the [redacted] of [redacted] Republic [redacted] Africa. Payments from [redacted] United Kingdom [redacted] will [redacted] net [redacted] non-resident [redacted] in [redacted] Kingdom currency at the rate of exchange ruling on [redacted] September 1991 or on the first day [redacted] on [redacted] a [redacted] exchange [redacted]

Dividend [redacted] posted on 11 October [redacted]

The full conditions of payment may be inspected at the offices of the transfer secretaries of the company.

By order of the board

H J Gaylard
Group [redacted]

Registered [redacted]
[redacted] Floor [redacted]
[redacted] Marshall [redacted] Johannesburg 2001
(P.O. [redacted] 61386, [redacted] 2107)

[redacted]

South Africa:	United Kingdom:
Central Registrars Limited	Barclays Registrars Limited
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Johannesburg
28 August [redacted]

UK COMPANY NEWS

WH Smith tops forecast with £89m

By John Thornhill

WH SMITH, the retailing group, marginally surpassed the forecast which accompanied its £148m rights issue [illegible] May by recording a [illegible] increase to £89m in annual pre-[illegible] profits.

The figure for the year to June 1 was boosted by [illegible] £11.2m (£3.7m) credit from [illegible] revaluation of its pension [illegible]tributions, but interest costs increased [illegible] £28.2m (£24.7m).

Sir Malcolm Field, managing director, said that [illegible] against the background of deep recession and escalating [illegible] "we feel that our retail performance has really not been that bad."

The company had continued to win market share in every area of operations and the rights issue [illegible] provided the financial strength to invest for further organic growth, he said.

Sales declined from £2.13bn to £1.97bn, although the previous year's figure included [illegible]tributions from the discontinued television and travel businesses and the now merged Do It All DIY chain. Underlying sales showed a [illegible] per [illegible]t improvement.

Trading profits from retailing operations – which include the WH Smith [illegible] agents chain, Waterstone's bookshops, Our Price video and record [illegible] and the Paperchase stationery chain – edged ahead by £200,000 [illegible] £87.8m.

The newspaper, [illegible] and office supplies distribution businesses also saw profits [illegible] marginally from £24.1m [illegible] £24.3m.

[illegible] supplies were hit by the recession, with some accounts suffering [illegible] 20 [illegible] cent drop in orders, but these were [illegible] by the division winning [illegible] new customers.

Tony Andrews

Sir Malcolm Field: creditable retail performance achieved

Following the joint venture agreement in June 1990, the [illegible] It All chain [illegible] being successfully integrated with Boots's Payless business, Sir Malcolm said. Better margins and lower [illegible] had resulted from the deal and the equivalent [illegible] 900 full-time staff had been shed.

The recent disposal of television activities and the travel business had "cleared the decks" and provided a stronger [illegible] from which to expand core operations.

The proceeds from the rights [illegible] and [illegible] inflow from disposals would almost eliminate group borrowings, which [illegible] the [illegible] end were £231m.

An extraordinary charge of £13.7m (£27.4m credit) largely reflected the [illegible] on the group's disposals minus the pension surplus attributable [illegible] [illegible] merger [illegible] Do It All.

[illegible] [illegible] the US record business [illegible] adversely [illegible] by exchange [illegible] and their contribution fell to £4m (£6m).

Earnings [illegible] share slid to 29.8p (29.9p). The final dividend [illegible] raised to 8.5p, lifting the [illegible] [illegible] 12.5p (11.5p).

The A [illegible] [illegible] 12p [illegible] [illegible] on the day.

[illegible] Lex

Stakis sells discos and pubs to S&N for £22m

By James Buxton

STAKIS, the hotel and healthcare group which is planning to slim down its activities to reduce debt, [illegible] to sell [illegible] collection of public houses and discos in Scotland to Scottish & Newcastle Breweries, for £22m.

The sale is the first of a series [illegible] disposals under Sir Lewis Robertson, who took [illegible] [illegible] chairman last March from Sir Reo Stakis, the founder, with a brief to restore [illegible] company's fortunes.

In June he announced [illegible] plan to make Stakis' hotels [illegible] nursing homes the company's core businesses, to sell off Stakis Leisure, which runs pubs, discos, restaurants and casinos, and [illegible] run down Stakis Land & Estates, the property division. Net [illegible] [illegible] about £200m in June and [illegible] [illegible] about 70 [illegible] cent.

The [illegible] made [illegible] first-half [illegible] [illegible] £45.1m (profit £11.8m) including provisions. Mr [illegible] Stakis, Sir [illegible] [illegible] [illegible], who was chief executive, left [illegible] company. A new [illegible] executive [illegible] [illegible] sought.

Under [illegible] deal with [illegible], [illegible] will [illegible] [illegible] pubs, [illegible] [illegible] [illegible] [illegible] and one steakhouse, [illegible] [illegible] them [illegible] the Glasgow area. The sale price, payable as [illegible] [illegible] licen[illegible] procedures [illegible] complete, [illegible] in [illegible] of [illegible] properties' [illegible] [illegible] [illegible] £18.8m [illegible] September 30 [illegible]. They made pre-tax profits of £2.4m.

Stakis Leisure still [illegible] [illegible] sell [illegible] casinos, 14 pubs [illegible] England, [illegible] restaurants [illegible] [illegible] golf course.

[illegible] said the purchase [illegible] in with [illegible] strategy [illegible] public [illegible]. The company now [illegible] [illegible] [illegible] tied houses, [illegible] below thw maximum.

Wates City purchase

[illegible] City [illegible] London Properties has acquired [illegible] freehold of 35 Basinghall [illegible] from Trafalgar House [illegible] [illegible] [illegible].

The [illegible] building [illegible] occupied by Slaughter [illegible] May, solicitors, [illegible] an annual [illegible] of £1.79m, subject to [illegible] in [illegible]. Planning consent for about 70,000 sq [illegible] of [illegible] was [illegible] last [illegible].

Slough Estates declines 42% but optimistic about prospects

By Roland Rudd

SLOUGH ESTATES, the fourth largest UK property group, yesterday reported a [illegible] per cent fall in taxable profits from £32.6m to £19.1m [illegible] the six months [illegible] end-June, after making provisions of £10.9m against possible trading losses.

The provisions reflected [illegible] further deterioration in [illegible] UK property market. Trading property sales made no net contribution to profits compared with £10.6m during the [illegible]rable period.

Sir Nigel Mobbs, chairman and chief executive, said although it was difficult to judge prospects [illegible] the property markets in which the group operates he was "guardedly optimistic" that [illegible] improvement could [illegible] expected, particularly for industrial and retail properties.

Mr Graeme Elliot, vice-chairman, [illegible] [illegible] believed the [illegible] had bottomed in [illegible] UK and [illegible] would [illegible] no more provisions against falling property values. The company had [illegible] write-down [illegible] for the 1990 year.

This year's provisions, described by Mr Elliot as "tidying up operations", resulted [illegible] [illegible] fall in the value [illegible] [illegible] Australian properties and a decline in rent from properties owned by [illegible]ted companies on the fringes of the City of London.

The group's cautious optimism was underlined by its decision to increase the interim dividend by 0.2p to 4.4p. The final dividend [illegible] also expected to be increased by about 5 per cent.

In the UK both business tenants and property in general remained difficult, although some progress was made on leasing retail units. Australian property remained poor.

Demand [illegible] [illegible] buoyant in Europe, and in Belgium development and leasing activity has increased, with [illegible] sq ft of the 124,000 sq ft completed already leased. North America also showed signs of improvement.

Basic earnings per share fell from 9p to 4.7p.

COMMENT

Property companies have called the end of the recession before and come unstuck, Barratt being an obvious example. So Slough's prediction, admittedly hedged, that the [illegible] is [illegible] should be greeted with [illegible] scepticism. There [illegible] plenty [illegible] companies with property interests which have failed to see the light at [illegible] end of [illegible] tunnel. However, what is [illegible] in doubt is that Slough [illegible] now in a better position [illegible] take advantage [illegible] the upturn, whenever it comes. Gearing, which at the end of last year had jumped to more th[illegible] 70 per cent, [illegible] fallen to below 50 per cent, helped by the recent [illegible] rights issue. The balance sheet should be further helped by the drop in capital expenditure for property investments, running at [illegible] £50m. Analysts are expecting [illegible] slight fall in net asset value per share to about 350p. On this estimate the [illegible] should [illegible] trading at the end [illegible] the [illegible] at a discount [illegible] [illegible] [illegible] [illegible] the market [illegible] of [illegible] [illegible] cent.

Bridon tumbles to £100,000

By John Murrell

MR JOHN West, [illegible] of Bridon, [illegible] Doncaster-based wire [illegible] maker, yesterday reported [illegible] slump [illegible] pre-tax profits from [illegible] [illegible] just £100,000 [illegible] [illegible] six [illegible] [illegible] [illegible].

He [illegible] [illegible] recession, which [illegible] [illegible] [illegible] [illegible] at home and [illegible] in the [illegible] half of [illegible] year, had [illegible] [illegible] [illegible] pronounced [illegible] the opening period [illegible] [illegible].

[illegible] in [illegible] US, Australasia and [illegible] of Europe had [illegible] affected [illegible] had led [illegible] the closure of marginal operations which [illegible] longer [illegible] [illegible] group's needs.

As [illegible] result, [illegible] costs of [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] while restructure and closure [illegible] of [illegible] [illegible] encompassed within extraordinary debits [illegible] £1m.

Group turnover fell [illegible] [illegible] (£173.3m) with the [illegible]tribution from the wire rope companies falling from £118.2m [illegible] [illegible]. Trading profits from [illegible] division [illegible] [illegible] than halved to £3m (£6.4m).

Earnings [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] but [illegible] interim dividend [illegible] [illegible] at 2.5p.

[illegible] [illegible] [illegible] [illegible] control [illegible] [illegible] and working assets resulted in lower [illegible] and a still [illegible] balance sheet.

For [illegible] [illegible] [illegible] [illegible] [illegible] whole, [illegible] profits [illegible] [illegible] £19.1m (£16m) [illegible] [illegible] sharp fall in [illegible] second six months, particularly in the construction and automotive sectors.

DIVIDENDS ANNOUNCED

		Current payment	[illegible] payment	[illegible] ponding [illegible]	Total for [illegible]	Total [illegible] [illegible]
Barr/Wall Arnold	int	[illegible]	[illegible] 25	3	-	[illegible]
Bridon	int	[illegible]	Jan [illegible]	[illegible]	-	6
Clondalkin	int	1.698♣	-	1.572	-	[illegible]
Edmond	int	[illegible]	[illegible] 11	0.65	-	1.85
Friendly Hotels	int	2.2	-	[illegible]	-	5
Grafton	int	2.5♣	-	[illegible]	-	6
GRE	int	4.4☆	Jan 6	4.4	-	11.9
Ladbroke	int	4.92	[illegible] 2	4.68	-	10.61
Serco	int	4	[illegible]	[illegible]	-	11
Smith (WH) A	fin	8.5†	[illegible]	[illegible]	12.5	11.5
Slough Estates	int	4.4†	[illegible] 7	[illegible]	-	11.35
Trio Inv Trust	fin	1	Nov [illegible]	-	1	-
Williams Hldgs	int	5†	[illegible]	4.75	-	12

[illegible] [illegible] pence per [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]. *Equivalent [illegible] [illegible] [illegible] scrip [illegible]. †On [illegible] [illegible] [illegible] rights [illegible] acquisition [illegible]. §USM [illegible]. [illegible] scrip [illegible] [illegible] [illegible] [illegible] throughout.

NEWS DIGEST

Motor side hits Barr & W Arnold

A SETBACK in the [illegible] distribution division dragged pre-tax profits [illegible] Barr & Wallace Arnold Trust down from £1.85m to £1.07m over the six months to June 30.

Profits in the division fell [illegible] per cent to £1.02m (£1.33m).

The leisure and holidays division put in £472,000 (£432,000) and fuel distribution contributed £195,000 (£185,000).

However, the parent company and the property division deducted £617,000 (£596,000) from the operating total.

B&WAT has continued to pursue its policy of reducing group borrowings with the disposal of two dealerships.

Earnings slipped to 5.5p (6.9p) per share and the interim dividend is maintained [illegible] 3p.

Asset value of 203.8p [illegible] Scottish Inv Tst

The nine months to July 31 ended with [illegible] [illegible] value of 203.8p [illegible] [illegible] Scottish Invest[illegible] Trust, against 163.5p nine months earlier and 198.5p [illegible] the end of April.

Gross investment income [illegible] 7 per cent to £17.9m (£16.7m) but increased interest costs resulted [illegible] [illegible] [illegible] fall in pre-tax [illegible] to £11.5m.

Weak prices hit margins at Edmond

Edmond Holdings, [illegible] Hull-based housebuilder which in July terminated [illegible] which might have [illegible] to an offer, yesterday reported pre-tax profits down from £1.48m [illegible] £856,000 for [illegible] six months to June 30. Sales fell [illegible] per cent [illegible] £7.3m (£9.44m). After [illegible] of [illegible] (£502,000) earnings came out [illegible] 1.19p (1.93p). The interim dividend [illegible] maintained [illegible] 0.65p.

Mountleigh managers get 96% rise despite losses

By Michiyo Nakamoto

MOUNTLEIGH, the heavily-indebted UK property group, nearly [illegible] [illegible] [illegible]tion to management [illegible] [illegible] [illegible] when pre-tax losses [illegible] than doubled from £46.8m [illegible] £96.1m.

The management received [illegible] [illegible] per cent rise from [illegible] [illegible] [illegible] in [illegible] year [illegible] end-April, according [illegible] [illegible] annual report.

Mr Nelson Peltz, Mountleigh's American chairman [illegible] the highest paid director, received [illegible] salary [illegible] [illegible] £457,00 from a previous [illegible].

Mr Peltz and [illegible] [illegible] May, [illegible] fellow American and joint managing director, [illegible] both criticised by the Stock Exchange for selling [illegible] of their [illegible] per cent [illegible] in [illegible] group during its two-month close period [illegible] announcing [illegible] [illegible] results and a [illegible]versial £96m rights [illegible].

The [illegible] men [illegible] major shareholders [illegible] [illegible] control [illegible] [illegible] [illegible] in 1989. They have [illegible] agreed, however, [illegible] [illegible] emoluments amounting [illegible] £175,000 and [illegible] respectively in the current financial [illegible] [illegible] April [illegible] [illegible].

Mr Peltz [illegible] Mr May [illegible] also [illegible] [illegible] of companies which provided services to Mountleigh costing £718,000 [illegible] the year [illegible] end-April 1991 against £882,000 [illegible] year [illegible].

[illegible] services, which [illegible] carried out mainly by employees [illegible] Trian, [illegible] [illegible] [illegible] owned by [illegible] two, include [illegible] of Galerias, [illegible] Spanish department [illegible] group [illegible] by Mountleigh, [illegible] consultations [illegible] innovative financing techniques [illegible] [illegible] UK property business.

[illegible] [illegible] [illegible] [illegible] [illegible] covered [illegible] [illegible] of [illegible] company jet owned by Trian.

هكذا من الأجل

مكرامين لاصو

UK COMPANY NEWS

Ferranti sells US warheads side

By Michael Skapinker

FERRANTI International has disposed of the warheads and explosives business of its US-based Marquardt Co to MA Acquisition Corp of California, for $15m (£9m).

The business, which includes the manufacture of cluster bombs, is a small part of Marquardt, which Ferranti said it would like to sell. It is still looking for buyers for the propulsion systems and rocketry side of the business and for land in Los Angeles on which Marquardt has its facilities.

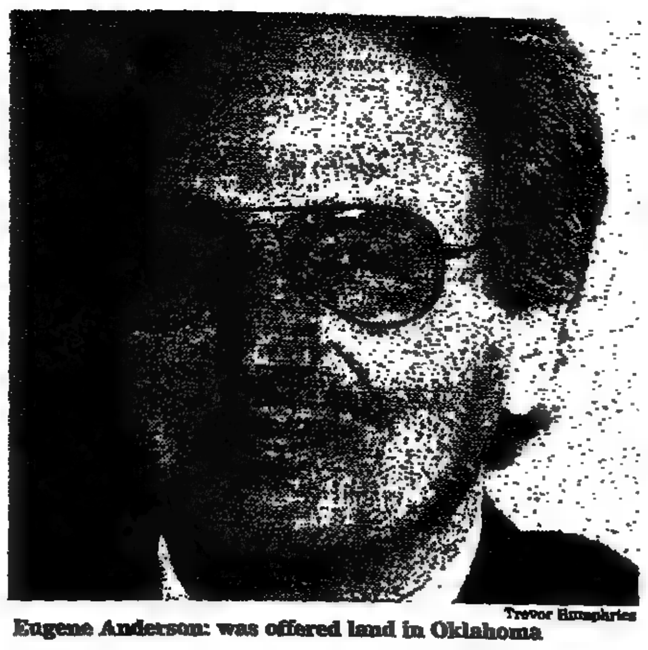
Ferranti said only 80 employees, out of 588, worked in the part of Marquardt it has sold.

MA Acquisition was formed specifically to take over the warheads and explosives business. It is controlled by Mr Ron Spire, a local lawyer and businessman, who said he intended to give Marquardt's management a stake in the company. He would like to expand into contract manufacture for civil airlines. Finance for the purchase had been provided by Ferranti and would be paid [redacted] two years.

Ferranti will retain ownership of [redacted] receivable from the business as well as some of the manufacturing facilities. MA Acquisition will acquire work-in-progress and the rest of the manufacturing facilities. It will lease a part of the Marquardt site. Following the acquisition, MA Acquisition will trade under [redacted] of Marquardt Manufacturing.

Mr Eugene Anderson, Fer[redacted] chairman, [redacted] possibility [redacted] moving Marquardt [redacted] Oklahoma where the [redacted] was [redacted] acres of land for [redacted] nominal $10. That would have enabled Ferranti to sell Marquardt's [redacted]erty in California.

● Grant Thornton, Ferranti's auditors, said the company's 1991 financial statements gave a true and [redacted] view, but pointed out [redacted] company was in default on its agreements with its banks. The banks have agreed to waive the defaults until November 9 while talks take place.



Trevor Humphries

Eugene Anderson: was offered land in Oklahoma

Strong & Fisher back in the black with £5.23m

By Peggy Hollinger

[redacted] & Fisher, the [redacted] company [redacted] last year by Hillsdown Holdings, swung back into profit in the six months to June 30.

Mr Mike Buswell, chairman, noted that all four divisions had made profits.

Strong, which is reporting in three six-month tranches to bring it into line with Hillsdown – which holds 70 [redacted] cent of [redacted] equity – announced pre-tax profits [redacted] £5.23m, against a £16.67m [redacted] in the comparable period.

An [redacted] cost-cutting programme – including [redacted] closure of four businesses, a 30 per cent reduction in tanning capacity and 266 job losses – contributed "a considerable amount" to trading profits, Mr Buswell [redacted] "If we hadn't taken [redacted] would not [redacted] money."

[redacted] dependence [redacted] clothing leather, but Mr Buswell warned that [redacted] still [redacted] "we must [redacted] cautious about [redacted] year-end result."

Turnover rose 21 per cent to £44.3m, following the injection by Hillsdown of rendering, hide and skin businesses.

Interest receivable was £918,000 compared with [redacted] charge [redacted].

[redacted] earnings [redacted] swung back into the [redacted] 2.7p (94.1p losses) [redacted] on a fully-diluted basis.

The gro[redacted] is planning to pay dividends on ordinary shares, but is withholding the [redacted]

Tranwood shares suspended at 1p

Dealings in Tranwood [redacted] were suspended [redacted] 1p yesterday [redacted] the request [redacted] the USM-quoted financial [redacted] group pending clarification [redacted] its financial position.

On August 9 the shares fell from 1¼p to ¼p after [redacted] group's bankers failed to reach agreement on a [redacted] debt-for-[redacted]

In [redacted] Tranwood, led by [redacted] Peter Earl, [redacted] break-up [redacted] Extel, [redacted] Northern [redacted] Storehouse. [redacted] by [redacted] it had fallen into [redacted] of £15m.

Interest income helps Monument Oil to £3.64m

MONUMENT OIL and Gas, [redacted] exploration [redacted] production [redacted], returned profits of [redacted] pre-tax [redacted] June [redacted], an improvement [redacted] per [redacted]

[redacted] a £1.67m rise in interest income [redacted] exchange gains [redacted] compared [redacted] previously.

Turnover [redacted] (£14.6m) [redacted] by [redacted] of [redacted] from Ravenspurn North, which [redacted] first [redacted] of [redacted]

Excluding [redacted] Harriet [redacted] Australia, in [redacted] Monu[redacted] recently acquired a 12.5 per [redacted] interest, production averaged 8,700 barrels of oil equivalent per day during the opening half, [redacted] increase [redacted] over the aver[redacted] for 1990. The [redacted] ling oil price realised was £10.77 [redacted] barrel, marginally higher [redacted]

[redacted] profits emerged at [redacted] (£3.04m) [redacted] earn[redacted] per [redacted] (0.55p). Comparable figures [redacted] restated [redacted] of the acquisition of [redacted] exploration [redacted] in July [redacted].

NEWS DIGEST

Friendly Hotels falls to £1.35m

FRIENDLY HOTELS, the hotel operator, suffered a 47 per cent decline in taxable profits for the 24 weeks to June 16 1991.

On turnover down from [redacted] to [redacted] the pre-tax result came out [redacted] £1.35m against £2.58m. Mr Henry Edwards, chairman, [redacted] poor trading in the early part of the year as [redacted] result of the Gulf war and adverse weather [redacted] be [redacted]pensated for in the remainder of the period.

Earnings [redacted] from 14.2p [redacted] 5.9p basic but the interim dividend is stepped up to 2.2p (2p).

Net assets decline at Murray Intl Trust

Murray International Trust had a net asset value per share of 252.8p at the half-year ended June 30, a 3.4 per cent reduction from 261.7p at the interim stage last time.

After tax of £2.4m (£2.57m) available revenue emerged at £6.44m (£6.79m). Earnings came out at 5.43p (5.73p) or 5.35p (5.64p) assuming full conversion of the B ordinary shares.

As announced in March, the interim dividend is increased [redacted] 7.5p [redacted] 3.4p will [redacted] 10.9p (10.2p). Yesterday, [redacted] 7.9p interim [redacted] the [redacted] of [redacted].

Trio Investment assets at 42.47p

[redacted] per share of [redacted] Trio Investment Trust, which was incorporated [redacted] June [redacted] amounted to 42.47p at end-June 1991.

[redacted] profits for the [redacted] worked through at [redacted] equal to earnings of 1.37p. Dividend is 1p.

Grovewood in fresh talks with [redacted]

Grovewood Securities, [redacted] last October [redacted] over Priest Marians Holdings, the loss-making property company, [redacted]terday announced it was [redacted] discussions regarding the renewal [redacted] a [redacted] 15 months [redacted] the standstill agreement with Priest's [redacted] made at [redacted] of the acquisition.

It said that if satisfactory [redacted]t was [redacted] additional equity [redacted] required.

Grovewood's [redacted] 4p to 20p

Public sector work aids Serco's 23% gain

By Jane Fuller

SERCO GROUP, which manages support services for public sector and commercial clients, increased pre-tax profit by 23 per cent from £2.01m to £2.48m in the first six months of this year.

Turnover rose 34 per cent to £46.8m (£35m) after the inclusion of nearly £5m from acquisitions in the local authority field.

Mr Richard White, managing director, said the purchases had been for cash and carried a debt burden which reduced their contribution at the pre-tax level.

About 70 per cent of the business came from the public sector, with about two thirds of that at defence installations. Although this part of the business would shrink in the long term, the immediate effect of the defence spending review had been to encourage contracting out to save costs.

At the local authority level, Serco was managing services ranging from traffic signal maintenance to the upkeep of public parks and gardens.

Other growth areas in the public sector included the maintenance of buildings and estates, and work for the National Health Service.

On the commercial side, Mr White said the recession had hastened the process of companies contracting out the maintenance of buildings and equipment to cut costs.

As to how Serco made a profit out of these cost-cutting exercises, Mr White said: "Any existing organisation has inefficiencies, either because of unionised working or its historic procedures."

The group's gearing averaged 50 per cent in the first half, compared with 24 per cent at the year-end, reflecting acquisition costs. Interest payments were not broken out, but Mr White said they were more than [redacted] times covered.

Fully diluted earnings [redacted] share rose by 19 per cent to 15.3p (12.9p). There were more shares in issue as the manage[redacted] options. They [redacted] nearly [redacted] per cent of the equity.

The interim dividend [redacted] up to 4p (3.5p).

Prices for electricity [redacted] for the purposes of the electricity pooling and settlement arrangements in England and Wales.

[redacted] period ending	Provisional Prices for Trading on [redacted] Pool [redacted]	Final Prices for Trading on [redacted] Pool [redacted]	Pool [redacted]
0030	17.85	17.18	20.00
[redacted]	16.60	15.67	16.67
0130	15.61	15.51	15.51
[redacted]	15.61	15.52	15.52
[redacted]	[redacted]	[redacted]	15.52
0300	[redacted]	[redacted]	15.51
0330	15.56	15.51	15.51
0400	15.51	15.51	15.51
[redacted]	[redacted]	15.51	15.51
[redacted]	15.57	15.51	15.51
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	15.51	15.51
0630	15.95	15.58	15.59
0700	15.60	17.21	20.05
[redacted]	18.26	17.21	20.04
[redacted]	18.90	18.87	[redacted]
0830	19.03	18.17	[redacted]
0900	21.98	18.87	21.72
0930	[redacted]	[redacted]	[redacted]
1000	22.77	21.45	24.35
[redacted]	[redacted]	21.45	24.35
[redacted]	[redacted]	[redacted]	24.35
1130	23.84	21.45	24.35
[redacted]	23.87	24.40	27.37
[redacted]	23.78	24.40	27.37
1300	23.11	21.45	24.35
1330	21[redacted]	18.87	21.72
1400	19.07	18.27	21.09
1430	[redacted]	18.27	21.09
1500	[redacted]	18.27	21.09
[redacted]	[redacted]	18.27	21.09
[redacted]	[redacted]	19.98	22.84
[redacted]	22.98	21.32	24.23
[redacted]	22.98	19.95	22.63
[redacted]	22.98	18.11	[redacted]
1800	22.58	18.11	[redacted]
1830	19.05	17.97	[redacted]
1900	18.90	17.93	[redacted]
1930	18.90	17.93	[redacted]
2000	18.40	18.70	[redacted]
2030	18.40	18.70	[redacted]
2100	27.50	17.08	[redacted]
2130	27.50	17.08	[redacted]
2200	18.28	21.00	[redacted]
2230	17.59	21.00	[redacted]
2300	17.48	21.00	[redacted]
2330	17.48	21.00	[redacted]
2400	17.31	17.08	[redacted]

[redacted] are determined for every half-hour in [redacted] twenty-four hour period. Prices are in [redacted] per [redacted] rounded to two [redacted] places [redacted] prices to pence [redacted] the decimal point should be [redacted] place to the left, eg £16.68/MWh [redacted] 1.668p/KWh. [redacted] for determination of pool prices is made in [redacted] Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision. [redacted]

Steering clear of [redacted] crash, bang horror

The number of road deaths is rising. **Della Bradshaw** on systems designed to curb accidents

A second of inattentiveness, ice on the road or fog rolling [redacted] the road...the result can [redacted] the familiar motorway carnage.

More than 5,000 people were killed on British roads last year, according to the Department of Transport. In the US, *the figures* [redacted] *even more* tragic: 47,000 people killed and 3.5m injured, says [redacted] National Highway Administration.

"More people die on Ameri[redacted] highways every year than were killed in Vietnam," says Paul Bouchard, president of IVHS Technologies, of San Diego, California. "It's [redacted] *accepted thing. But it doesn't* have to be."

Bouchard's company is of several working [redacted] "crash avoidance systems" – electronic systems which help driv[redacted] the distance [redacted] *themselves* and other vehicles or objects, and warn [redacted] if they [redacted] about to hit it.

The systems currently under development alert drivers that they are moving into a dangerous situation. But in the future *such systems could actually* [redacted] from, say, a drunken or sleepy driver and apply the car brakes to prevent an accident.

As well [redacted] the potential savings in human misery, the [redacted] *market for such* systems – there are more than 400m registered vehicles worldwide and [redacted] 50m [redacted] vehicles are made each year – has attracted political interest. In its report "Toward a National Semiconductor Strategy", published in February, the US's National Advisory Committee on Semiconductors *identified intelligent vehicle* and highway systems (IVHSs) [redacted] of a handful of big opportunities for the US electronics industry.

Several technologies [redacted] under consideration for crash *avoidance systems, but* [redacted] work in [redacted] similar way.

A light or sound signal is [redacted] out from [redacted] unit [redacted] to the front of the car. This reflects off the vehicle in front and the speed or frequency of the return signal is used to [redacted] the distance between the two cars. By measuring the distance [redacted] a regular basis, *and by combining this information* with data from [redacted] car's speedometer, [redacted] example, [redacted] on-board computer system can calculate not only the distance but the speed at which [redacted] vehicle is advancing towards the other.

Whatever the technologies used, the problems [redacted] similar, [redacted] Hans-Peter Glathe, head of the Prometheus office for

Lifesaver: Paul Bouchard, [redacted] IVHS Technologies, with the 'crash avoidance system'

Daimler-Benz. The Prometheus research project supports Euro[redacted] *makers* [redacted] *universities* in developing technologies for [redacted] economical driving.

First, says Glathe, [redacted] system has to distinguish between [redacted] and other objects – *particularly* [redacted] – on [redacted] road or alongside it.

Then the [redacted] has [redacted] combined with other information and analysed *using* sophisticated computer processing. A decision [redacted] then [redacted] about whether the driver should be warned [redacted] impending danger. Just what [redacted] dangerous and what is [redacted] is [redacted] of the *decisions that has be determined* before [redacted] systems can be introduced, says Glathe.

Finally, [redacted] information has [redacted] be given [redacted] driver; [redacted] could be in the form of [redacted] voice [redacted] visual display. In the [redacted] *of* [redacted] *IVHS Technologies'* system, a series of changing sound tones indicate [redacted] the driver that he [redacted] she [redacted] moving into a dangerous situation, or should [redacted] immediate action [redacted] avoid [redacted] crash.

Five technologies have received particular attention for crash avoidance systems, each with [redacted] advantages and [redacted]

- Ultrasonic [redacted], often used for automatic focusing of cameras, which transmit ultrasonic sound waves.
- Infra-red [redacted] which [redacted] light signals at [redacted] similar frequency to those [redacted] in television [redacted] control units.
- Lasers, used in military guidance systems and communications fibres, which [redacted] invisible light signals.
- Radar, which [redacted] widely [redacted] by [redacted] and ships to trans[redacted] a [redacted] signal in [redacted] microwave frequencies.
- Video or thermal [redacted], which transmit photographic [redacted] images [redacted] provide [redacted] second pair of eyes.

Cameras need [redacted] *powerful* computer [redacted] process the images, while ultrasonic sound travels relatively slowly. Infrared systems and lasers [redacted] have difficulty penetrating fog [redacted] dust. There [redacted] also [redacted] industry worries [redacted] lasers could cause eye damage to pedestrians when [redacted] travel [redacted] low speeds.

[redacted] sufficient speed and fog penetration, but traditionally [redacted] been expensive [redacted] develop. And, because [redacted] authorities insist that only low-powered signals can be transmitted, it [redacted] difficult for [redacted] distinguish [redacted] vehicle ahead [redacted] objects around it.

[redacted] Technologies believes [redacted] many [redacted] the problems [redacted] radar through the [redacted] of mathematical algorithms and circuitry, while *maintaining* [redacted] *low power output*. Bouchard says that [redacted] would [redacted] 1m systems from [redacted] Technologies [redacted] the equivalent power of [redacted] domestic microwave oven.

[redacted] Technologies' Vorad *system for commercial vehicles* – some [redacted] trucking companies are already testing the system – will cost $1,500 (£892.80) when launched [redacted] year. In two [redacted] three years, when Vorad is available for cars, Bouchard believes it could cost [redacted] little as [redacted] (£297.60).

[redacted] well as the advance warning system the Vorad also has a "black box" unit, *similar* to those used on aircraft. The computer system samples data [redacted] *the radar* 10 [redacted] a second, and stores 15 minutes worth of [redacted] in the unit.

[redacted] surprisingly, this help in apportioning blame after an accident, as well as crash prevention, has attracted the attention of [redacted] Insurance, of Chicago, one [redacted] the largest motor insurance companies in *the US. Allstate* [redacted] *provided* financial backing for the IVHS Technologies' development.

Rich Rosenthal, assistant vice-president in the strategic planning department of Allstate, [redacted] company is *taking* [redacted] *active interest* in emerging technologies which [redacted] prevent accidents. Rosenthal does [redacted] necessarily believe [redacted] individuals who [redacted] accident prevention systems will [redacted] insurance premiums. But, he [redacted] "we think the overall affordability and availability of insur[redacted] will improve because [redacted] systems will drive a [redacted] the [redacted] out".

Elsewhere, IVHS Technolo[redacted] already demonstrated [redacted] working system [redacted] automatic braking. By connecting [redacted] crash prevention system [redacted] *braking system*, [redacted] car can override an inattentive driver to help prevent [redacted].

This, however, [redacted] questions [redacted] in charge [redacted]. If [redacted] system [redacted] over completely from [redacted] driver and [redacted] vehicle crashed, who would [redacted] responsible [redacted] the [redacted]

Such [redacted] particularly important [redacted] where [redacted] the term "crash avoidance" [redacted] under legal scrutiny. Many think the [redacted] will have to be altered to "crash warning" to prevent the finger of [redacted] being pointed [redacted] equipment makers.

[redacted] Technologies [redacted] looking [redacted] combining Vorad [redacted] systems on [redacted] back [redacted] cars so as [redacted] aid parking. [redacted] companies [redacted] working on such [redacted] which eliminate [redacted] blind spot when reversing. Although technically similar [redacted] crash avoidance systems, parking aids are easier to develop because they only involve *scanning* [redacted] *short distance*. Crash avoidance systems, [redacted] other hand, [redacted] some [redacted] metres [redacted] of impending accidents.

PCs with power

THE popularity of graphical user interfaces and complex software has demonstrated to many companies that their new high-powered [redacted] soon prove [redacted] short of processing power.

To try and overcome the problem in the future, Tandon has launched a "mix-and-match" [redacted] that enables [redacted]tomers [redacted] buy the processing capacity and disc storage that they need today, and then swap those [redacted] powerful components as their needs change.

To replace a processor or disc drive, the dealer or data processing [redacted] front of the [redacted] box and unclips the packaged processor board [redacted] disc drive.

The MCS [redacted] five processor options, from the simplest Intel 286 processor to [redacted] sophisticated 486 one. [redacted] machine [redacted] three module "bays", [redacted] any combination [redacted] floppy and hard [redacted] drives.

Immigrants' input in Israel

[redacted] alloy made from aluminium and lead, which [redacted] reduce [redacted] of hydraulic *bearings for engines by* [redacted], [redacted] being developed in Israel.

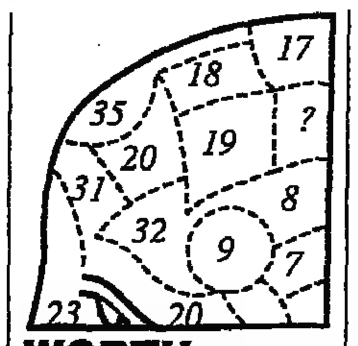
The new alloy could replace existing copper and tin [redacted] in [redacted] standard [redacted] engines, and should [redacted] friction, [redacted] the researchers working on the project.

The problem in making [redacted] alloy [redacted] that [redacted] one element [redacted] heavy and [redacted] other [redacted] light, gravity pulls the two metals apart. To [redacted] only [redacted] of [redacted]cessfully creating the alloy [redacted] or in [redacted] centrifugal chamber – *both methods* have proved very expensive.

The breakthrough made by [redacted] Ofakim Technological [redacted] Programme [redacted] use magnetic levitation [redacted] hold the alloy together. The [redacted] *programme* [redacted] up [redacted] Ofakim, in [redacted] Negev desert, to develop the inven[redacted] immigrants [redacted] Israel.

Baby watcher

A BABY monitoring system, which does [redacted] require any [redacted] between [redacted] equipment [redacted] the baby, has been developed [redacted] warn parents when [redacted] infants [redacted]



WORTH WATCHING

by Della Bradshaw

ceased to move – and therefore could be experiencing sudden infant death syndrome, or cot death.

Developed by Pera, the Melton Mowbray-based contract research organisation, [redacted], of Rochester, Kent, the equipment relies [redacted] a sensor mat, placed [redacted] the cot mat[redacted] and the sheet.

The mat [redacted] connected [redacted] an [redacted] *monitor* [redacted] which [redacted] audible signals. If [redacted] is no movement for 15 seconds the unit emits [redacted] low alarm, intended [redacted] the baby. If this [redacted] no effect a louder alarm, [redacted] the parents, [redacted]

The unit [redacted] undergoing clinical trials [redacted] the John Radcliffe hospital in Oxford, [redacted] Medi[redacted] the [redacted] could [redacted] on [redacted] through spe[redacted] this year.

High-tech farm hand

SATELLITES and [redacted] now helping farmers in northern England [redacted] calculate which parts of their [redacted] highest yield.

Two Massey-Ferguson [redacted] *machines, equipped with yield* meters and satellite receiving [redacted], are giving [redacted] records, virtually yard-by-yard, of the [redacted] of the [redacted]

The aerial picks up signals [redacted] global positioning [redacted] satellites launched [redacted] the [redacted] government, which tell the combine [redacted] position. This information [redacted] combined with data from a yield [redacted] on the vehicle, which measures the crop [redacted] it [redacted] harvested. The [redacted] information [redacted] then [redacted] on [redacted] credit card-sized [redacted] card, which is transferred from the combine [redacted] farm computer, [redacted] the [redacted] printed out [redacted] give a yield map of [redacted] field.

The [redacted] can [redacted] the farmer to investigate sections of the fields [redacted] yields were low, enabling the farmer [redacted] plan the appropriate [redacted] *or spray treatments*.

The write screen

TRADITIONAL computer screens, which are wider than they are deep, [redacted] fine for spreadsheet applications where the text and figures need to [redacted] spread [redacted] the screen. But for writing a letter *many scribes would find it* easier to [redacted] a deeper, screen, so that the whole letter [redacted] the [redacted] at once.

Radius, of San Jose, California, has overcome [redacted] problem with a screen that pivots to give both portrait (vertical) format for letters and landscape *(horizontal) format for* spreadsheets. When the 15in colour [redacted] pivoted by a 90 degree [redacted] of the display, the text and graphics [redacted] re-formatted to fit the altered [redacted]. This [redacted] *achieved through the* [redacted] position [redacted] which re-orientates the image in [redacted]

The [redacted] used with [redacted] IBM or compatible PC fitted with a Radius [redacted] board.

3M wins 20-year laser race

THE [redacted] year [redacted] develop [redacted] blue-green [redacted] appears [redacted] have been won by 3M, the US [redacted] group, [redacted] in St Paul, Minnesota.

Because *blue-green lasers emit light* with [redacted] than red or infrared lasers, they could potentially increase the amount of data stored on optical and compact discs. The dark blue crystal, set on a *microchip and patterned into six sec*tions, each of which emits a blue-green beam of pulsed [redacted] light, could [redacted] to enhance imaging for medi[redacted] diagnostics.

3M also [redacted] the laser, which will [redacted] be commercially available for several years, [redacted] up the replacement of [redacted] by plastic in fiber [redacted] cables.

Contacts: Tandon: US, 805 378 3017; UK, 0527 550550. Ofakim Technological Incubator Programme: Israel, 57 926641. Pera: UK, 0664 501510. Medical Sciences: UK, 0634 827988. Massey-Ferguson: UK, 0203 531006. [redacted] US, 408 434 1010; UK, 0635 38531. 3M: US, 612 733 1110; UK, 0344 858000.

THE PROPERTY MARKET

How the downturn derailed [redacted]

By Vanessa Houlder

After hurtling through [redacted] British Rail's property bandwagon has [redacted] off the rails. Last year property takings slumped by more than half, helping to turn BR's overall surplus of £269.8m in 1989-90 into an overall deficit [redacted] £10.9m in the [redacted] to March 1991. Today it is saddled with [redacted] rash of empty new developments [redacted] bleak [redacted] pects for other schemes.

The bandwagon is unlikely to roll as feverishly again. In the view of Mr Douglas Leslie, managing director of British Rail Property Board (BRPB): "The period between 1986 and 1989 was an aberration. The world went mad. Historically it will be considered a period of absolute euphoria," he [redacted] in his [redacted] overlooking [redacted] Broadgate complex.

Broadgate, a high-profile office park at the edge of the City of London, was developed by BR in partnership with Rosehaugh Stanhope Developments. It is a prime example of how BR's [redacted] lict land was given [redacted] life in the boom. The new buildings behind Liverpool Street Station have pushed the City's boundaries north into Hackney.

Broadgate [redacted] alone. Large, [redacted] spectacular, buildings were constructed over [redacted] Charing Cross, Cannon Street, Fenchurch Street [redacted] Victoria. They were [redacted] technologically [redacted] – notably [redacted] development [redacted] Ludgate. "It [redacted] a [redacted] anything was possible," [redacted] Mr [redacted]

BR was involved in [redacted] projects [redacted] ft in partnership with the private sector, representing an investment [redacted] nearly £1bn. [redacted] from [redacted] in [redacted] in 1989-90 and [redacted] annual rental income [redacted] from [redacted] in 1982 to its present level of £130m, despite [redacted] rental income through sales. The [redacted] property holdings were [redacted] that [redacted] was described by one ironic observer [redacted] "a property company with an irritating transport [redacted] attached".

The property bubble burst first in [redacted] office market. [redacted] from property [redacted] development fell by [redacted] than 60 per [redacted] year.

The difficulties [redacted] threefold:

- the property [redacted] collapsed;
- the rail network [redacted] no longer shrinking;
- [redacted] BR has already [redacted] most [redacted] jewels.

"The [redacted] bank [redacted] for [redacted] is going into sharp decline," [redacted] Mr Leslie, [redacted] puts [redacted] value [redacted] non-opera[redacted] land [redacted]

The [redacted] Rail Property Board has been selling land ever since it was set up in 1969. First to go were [redacted] yards and rail lines no longer needed after [redacted] sweeping [redacted] by Lord Beeching three [redacted]

Subsequently the rising price [redacted] land persuaded [redacted] its land holdings. Underused engineering depots and sidings were sold off. "It was a period when the railway's aspiration for change conspired with our ability to do things," says Mr Leslie.

Some [redacted] that ability [redacted] been destroyed by the downturn. Today [redacted] to [redacted] particularly expensive to develop because of the need for associated transport improvements. As a result most of BR's large schemes have been put on ice. Mr Leslie reckons that the development of the Bishopsgate goods yard will not go [redacted] King's [redacted] scheme [redacted] predicts merely [redacted] "a major [redacted] will be [redacted] decade". Inevitably, [redacted] large, complex projects take [redacted] long [redacted] come [redacted] fruition. "People forget [redacted] Broadgate [redacted] in 1964," he [redacted]

[redacted] is judged [redacted] transport company needing more [redacted] for [redacted] investment, [redacted] delays affecting its property projects [redacted] diminished [redacted] for property [redacted] (which [redacted] likely to total about [redacted] this year) are a serious matter. If, however, it [redacted] judged by the dismal standards of [redacted] property companies, [redacted] woes [redacted] relatively modest. Because it cannot take risks [redacted] own account, its development interests [redacted] con[redacted] ground leases, which has curbed [redacted] damage caused by the downturn.

"Basically, [redacted] are [redacted] management company," [redacted] Leslie of BRPB. The bulk of its work is concerned with managing its estate, which encompasses [redacted] number and [redacted] of tenants. Just 1 per [redacted] of its income [redacted] produced by [redacted] per [redacted] who, individually, [redacted] under [redacted] year. Overall, [redacted] roll of [redacted] produces £97m after expenses.

Mr Leslie [redacted] sanguine about [redacted] impact of [redacted] recession on BRPB's rental income. "Our turnover is [redacted] beginning to reflect the recession but not [redacted] have [redacted] major problem on [redacted] hands. I am quite [redacted] about rents," [redacted]

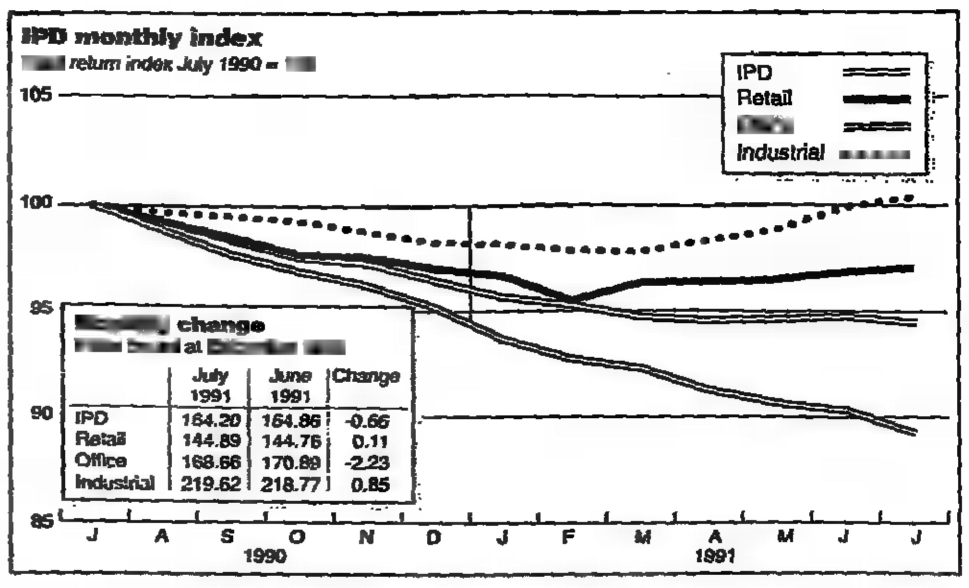
[redacted] reckons that property values have bottomed. At [redacted] of April, book values [redacted] down by [redacted] per cent. "To [redacted] significant writedowns [redacted] the end of this [redacted] yields would have [redacted] soften," [redacted]

At the [redacted] time as [redacted] grapples [redacted] market's downturn, the property board has been adapting to the reorganisation [redacted] regions into businesses. Mr Leslie is unperturbed by [redacted] possibility of further changes [redacted] could arise if BR were privatised.

"[redacted] affect [redacted] not at all," he says. We have already completed the biggest restructuring since [redacted] nationalised. [redacted] have taken [redacted] view that we should behave as if we were [redacted] private organisation."

[redacted] debate about privatisa[redacted] led to the suggestion that [redacted] change of ownership would [redacted] to more aggressive management of [redacted] property. [redacted] is [redacted] suggestion Mr Leslie [redacted] without enthusiasm. "We are driven very hard [redacted] produce property receipts," [redacted] says, although he concedes [redacted] is [redacted] necessarily the view of those outside the industry.

He [redacted] the delay that often occurs between [redacted] buying [redacted] developing [redacted] land. "The [redacted] of [redacted] outside [redacted] ownership exceeds that in [redacted] ownership," he says. "We suffer [redacted] railway line looking like [redacted] until [redacted] does something with it."



Capital values drop steeply

THE [redacted] in capital values, which [redacted] appeared to [redacted] in the [redacted] six [redacted] of [redacted] suffered an abrupt worsening in July, according [redacted] the IPD monthly index. There [redacted] 1.0 per [redacted] drop in capital values, the [redacted] monthly [redacted] since [redacted]

[redacted] capital value index [redacted] levels [redacted] in [redacted] Capital val[redacted] have [redacted] 17.6 per [redacted] their peak in October [redacted] while [redacted] Price Index [redacted] risen [redacted] per [redacted]

In July, [redacted] continued their steady fall, with [redacted] dropping by [redacted] per cent. For all properties, [redacted] total [redacted] -0.4 per [redacted] in July, and -5.6 per [redacted] over [redacted] previous [redacted] months.

The drop in capital [redacted] almost twice [redacted] bad [redacted] in [redacted] all-properties index. The office [redacted] recorded a 1.9 per cent drop in capital values in July, and has now [redacted] 21.9 per cent [redacted] its peak in December 1989. Rental [redacted] the office [redacted] dropped 0.7 per [redacted] The sector's total return [redacted] -1.3 [redacted] cent on [redacted] month, -10.9 [redacted] cent [redacted] previous 12.

In [redacted] retail sector, rental [redacted] dropped by 0.1 per cent [redacted] July, capital [redacted] dropped [redacted] per [redacted] and [redacted] total return [redacted] month was 0.1 per cent, with -3.0 per cent over [redacted] 12 month period.

Total return for industrial properties [redacted] 0.4 [redacted] on [redacted] month, [redacted] per cent [redacted] past 12 [redacted] This was the only [redacted] record [redacted] in rental values on [redacted] month, up 0.2 per [redacted] Capital values dropped by 0.4 [redacted] cent.

COMPANY NOTICES

Notice to the holders of each of
SONY CORPORATION
$50,000,000 6 per cent.
Convertible Debentures [redacted] 31, 1997
(The "Debentures")
and
SONY CORPORATION
Japanese Yen 30,000,000,000 2 per [redacted]
Convertible [redacted] Due 2000
(The "Bonds")

[redacted] 3.04 (I) and [redacted] Indenture [redacted] 1st July, [redacted] "Indenture") relating [redacted] 5 (B)(ii) of [redacted] Trust [redacted] 17th April, 1985 (the "Trust Deed") relating [redacted] the Bonds, notice [redacted] hereby given [redacted] follows:

[redacted] meeting of [redacted] of Directors [redacted] Sony Corporation (the "Company") [redacted] on [redacted] May, 1991, it was determined that [redacted] Company [redacted] new [redacted] of its common [redacted] ("Shares") [redacted] on record as of [redacted] September, 1991 (Japan time) by way [redacted] distribution of [redacted] by [redacted] of stock split [redacted] ratio of 0.1 [redacted] held.

Consequently, the Conversion Price of [redacted] and [redacted] will [redacted] adjusted, [redacted] of 1st October, 1991 (Japan time), in the manner as set forth below pursuant to Section 3.04(A) of [redacted] Indenture [redacted] Clause 5(C) [redacted] Trust Deed; respectively:

1. [redacted]
Conversion price [redacted] adjustment: Yen 3,520.20
Conversion price after adjustment: [redacted] 3,200.20
2. [redacted]
[redacted] price [redacted] adjustment: [redacted] 4,575.90
[redacted] price after adjustment: Yen 4,159.90

SONY CORPORATION

Dated: 30th August, 1991

ANGLOVAAL GROUP

CLOSING OF TRANSFER BOOKS AND REGISTERS OF MEMBERS

The transfer books and registers of members of the following companies (all of which are incorporated in the Republic of South Africa) will be closed for the period stated for the purpose of determining those persons entitled to attend the annual general meeting of members thereof.

Name of Company	Reg. No.	Period of Closing of transfer books and registers of members (both days inclusive)
Anglovaal Limited	05/04660/06	2-8 November
Eastern Transvaal Consolidated Mines Limited	01/06442/06	3-9 October
Hartebeestfontein Gold Mining Company Limited	05/03622/06	14-20 September
Middle Witwatersrand (Western Areas) Limited	05/04469/06	3-9 October
Zandpan Gold Mining Company Limited	65/02414/06	3-9 October

London Secretaries
295 Regent Street
London W1R 8ST
28 August 1991

By Order of Boards
ANGLO-TRANSVAAL TRUSTEES LIMITED
London Secretaries
per: D.J. Adams

CLAL FINANCE N.V.
US $20 MILLION
GUARANTEED FLOATING RATE NOTES 1994
The interest rate applicable to the above Notes in respect of the interest period commencing 30th August 1991 will be 6 11/16% per [redacted] The [redacted] amounting to US $33.81 per US $1,000 principal amount and US $338.09 per US $10,000 principal amount of the Notes will be paid on 28th February 1992 against presentation of coupon No. 9.
BANK LEUMI (UK) PLC
Principal Paying Agent
bank leumi בנק לאומי

CITY OF MONTREAL
3% Permanent Debenture Stock

Notice is hereby given that the transfer register will be closed from 17 October 1991 to 31 October 1991 both dates inclusive.

The Royal Bank of Scotland plc
Registrar
Registrar's Department
67 Lombard Street
London.

LEGAL NOTICES

AVANT PETROLEUM (UK) LIMITED

Notice is hereby given that the creditors of the above named company, which is being Voluntarily wound up, are required, on or before 21st September 1991 to send in their full christian and surnames their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any), the undersigned Frank Wessely of Cape and Dalgleish, 401 St John Street, London EC1V 4LH, the Liquidator of the said company and, if so required by notice in writing from the said Liquidator, are, personally or by their solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Francis Wessely
Liquidator

LEGAL NOTICES

CITY RENTALS (HOLDINGS LIMITED (IN RECEIVERSHIP) ("CRHL")
CITY RENTALS LIMITED (IN RECEIVERSHIP) ("CRHL")
LANDERVILLE LIMITED (IN RECEIVERSHIP) ("LL")
ULTRAFACT PLC (IN RECEIVERSHIP) ("UP")

NOTICE IS HEREBY GIVEN, pursuant to section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named companies will be held at Cork Gully, c/o Coopers & Lybrand Deloitte, 8th Floor, Apex Plaza, Forbury Road, reading, berkshire at 2:00 pm on Wednesday, 11 September 1991 for the purpose of having laid of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:

(a) they have delivered to me at the address shown below, no later than 1200 hours on Tuesday, 10 September 1991, written details of the debts they claim to be due to them from the company, and the claim has [redacted] duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

[redacted] there has been lodged with [redacted] proxy which the [redacted] intends to be used on his behalf.

[redacted] note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.

Date 22/8/91
Joint Administrative Receiver

Address to which proxies should be delivered:

N J Vooght
Cork Gully
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INTERNATIONAL PROPERTY

COMMODITIES AND AGRICULTURE

Radical plan proposed for Brazilian farm sector

By Victoria Griffith in Sao Paulo

MR ANTONIO Cabrera, the Brazilian Minister of Agriculture, yesterday proposed radical [illegible] to facilitate financing for the country's ailing farm sector. The initiatives include the legal prohibition of any government price freezes in the sector, the [illegible] an international rural investment fund and the formation of joint ventures between Brazilian and foreign banks to make farm loans.

Mr Cabrera has asked Mr Marcilio Marques Moreira, the economics minister, for immediate approval of a rule permanently eliminating price ceilings. The agriculture minister has even laid his job on the line in his demand for the new law. "If this rule [illegible] not passed," [illegible] said, "I will hand in my resignation."

According to Mr Cabrera, the abolition [illegible] vital to the development of strong commodities futures market in Brazil. "I am aiming [illegible] build [illegible] futures market [illegible] into one of the [illegible] in the world," [illegible] explained. "I believe [illegible] within one year, Brazilian farmers will [illegible] of their financing from [illegible] futures exchange."

The [illegible] are part of a process to wean [illegible] country's [illegible] agricultural [illegible] from government support.

"Farmers will no longer [illegible] to depend [illegible] govern[illegible] for help in terms of loans and price supports," [illegible] Mr Cabrera. "But we [illegible] alternatives. [illegible] can't afford [illegible] ignore agriculture, which currently [illegible] for [illegible] per cent of Brazil's gross domestic product."

Brazil already boasts the only commodities futures exchange in South America, known as the Bolsa de Mecantil & de Futuros (BM & F). [illegible] in Sao Paulo, the exchange was strengthened several months [illegible] by [illegible] merger with the country's financial futures exchange. About 650 traders jostle daily in the heart [illegible] Sao Paulo's financial district [illegible] purchase [illegible] in gold, dollars, interest rates, coffee, beef and cotton.

Mr Luiz Masagao Ribeiro, president of BM & F, [illegible] the greatest hindrance [illegible] the exchange's growth has [illegible] ever-present [illegible] of government intervention.

"We have suffered the enforcement [illegible] price [illegible] the [illegible] years," he complained. "It's difficult to make bets on the [illegible] government is always reshuffling the cards."

According to Ribeiro, [illegible] exchange has great potential [illegible] it fulfils [illegible] unavailable in London, [illegible] York or Chicago. "Our [illegible] market trades futures on grade B [illegible] coffee," [illegible] BM & F president. "unlike [illegible] markets, which deal mostly with top-grade commodities."

[illegible] thinks, however, [illegible] unreliable quality [illegible] of [illegible] main problems. "[illegible] encouraging [illegible] establishment of private quality-control agencies to ensure that certain standards are maintained," said the minister. "Without credibility in terms [illegible] quality, the futures exchange can not grow."

He believes that there is also potential for a strong futures [illegible] in soyabeans, [illegible] and orange juice and wheat. According to the agriculture minister, foreign funds are vital to the [illegible] financing of Brazilian agriculture. The Comissao de Valores Mobiliares, the country's financial [illegible] watchdog, [illegible] working on the creation of an international rural investment fund. The fund would [illegible] abroad [illegible] invest in Brazilian farm products, and investors would receive returns based on [illegible] of the crop.

Mr Cabrera [illegible] also develop[illegible] programme, dubbed Pro[illegible] through which soyabean [illegible] would [illegible] financ[illegible] from abroad based on future export receipts. The success [illegible] minister's initiatives depends, [illegible] course [illegible] political approval within Brazil, [illegible] well [illegible] foreign interest abroad.

Observers believe success on both [illegible] far from certain, and [illegible] abolition [illegible] price [illegible] in [illegible] touchy subject. Exporters [illegible] doubt the country's ability [illegible] foreign investment in agriculture. "I [illegible] know if Brazil's agriculture [illegible] a good bet [illegible] foreigners will be [illegible] over themselves to hand [illegible] money," [illegible].

Acid rain laws forecast to lift US coal prices by a quarter

By Our Commodities Staff

[illegible] STEAM [illegible] prices could rise by nearly a quarter from the [illegible] as [illegible] legis[illegible] introduced by Washing[illegible] last year begins to bite, according to [illegible] report published [illegible] week.

Prices for low-sulphur steam coal – [illegible] quality increasingly dominating world [illegible] – are predicted [illegible] rise by up to US$10 [illegible] tonne [illegible] about US$53 [illegible] tonne, loaded [illegible] US port. This rise is forecast to underpin a general [illegible] in [illegible] steam coal prices from 1993-94 in [illegible] of a sharp [illegible] from European [illegible] Asian power companies.

US producers [illegible] the [illegible] biggest source for British steel mills and [illegible] companies. US mines supplied about a sixth of the 177m tonnes of steam coal traded internationally [illegible] and [illegible] third of the 164m tonnes of coking coal shipped to world markets.

Although [illegible] shipped little more than [illegible] per cent of [illegible] 1990 production [illegible] tonnes, one mining district, District Eight in eastern Kentucky and [illegible] Virginia, accounted [illegible] half [illegible] sales. [illegible] problem for [illegible] overseas buyers [illegible] low-sulphur production from this district and the adjacent District Seven that [illegible] going [illegible] become increasingly in demand as the [illegible] phases [illegible] the [illegible] rain legislation start to [illegible] into effect [illegible] 1995 and 2000 respectively.

By the end of the century 90m tonnes [illegible] sulphur coal will be displaced in US [illegible] by [illegible] sulphur [illegible].

While domestic and overseas buyers are queueing up for the [illegible] high-quality coals, costly [illegible] are [illegible] be required throughout the country's coal-moving infrastructure. In particular, [illegible] big exporting terminals [illegible] Hampton Roads are approaching the limits of their capacity, ageing locks [illegible] and [illegible] need refurbishing, [illegible] on [illegible] if [illegible] proposed expansion [illegible] the Los Angeles [illegible] terminal does [illegible] go ahead, [illegible] could find [illegible] blocked out of [illegible] growth in coal demand around [illegible] Pacific.

All is not gloom for overseas customers, however. The shift to low-sulphur [illegible] should make high-sulphur, high heat content US coals an extremely low cost option for power stations that have flue gas desulphurisation equipment.

US Export Coal in the 1990s - Price, Volume and Quality, by [illegible], £305, published by McCloskey Coal Information Services, PO [illegible] 15, [illegible].

Gold price fixed at lowest level since April

By David Blackwell

GOLD WAS fixed at the lowest level since April on the London bullion market yesterday afternoon as futures prices on New York's [illegible] broke below support levels.

The London market edged ahead after the afternoon fix of $351.25 a troy ounce, closing at $351.95, a fall of [illegible] on the day. At midday the Comex December contract stood at [illegible] down [illegible] on the opening.

The Comex move below support [illegible] $357 a troy ounce [illegible] described [illegible] technical, and analysts in London were not ascribing the move to events in the Soviet Union. Trading was thin in London, and "the absence of genuine business gives the professionals added weight," said one analyst.

Mr Andy Smith of Union Bank [illegible] Switzerland said the market had talked itself into a black mood. Any potential buyers were totally disillu[illegible] by the market's lack of reaction to the Soviet coup and the subsequent confusion [illegible] who controls the Soviet purse strings.

"[illegible] around $350 it [illegible] feel [illegible] though [illegible] coiled spring waiting [illegible] bounce back," [illegible] said. "[illegible] been [illegible] graceful decline rather than a rush for the exits."

Mr John Bergthell [illegible] Capel said that the summer lack of demand from the jewellery industry had [illegible] much [illegible] do with the gold price [illegible] "My guess is [illegible] if the [illegible] in the [illegible] Union had never taken place, [illegible] would still [illegible] around [illegible]," he said, pointing out that jewellery [illegible] demand had held the gold price up for the last couple of [illegible].

Meanwhile, the market was keeping a weather eye on the possibility that [illegible] gold held by Western banks under swap arrangements could still be thrown on to the market. As much as 250 tonnes is thought [illegible] be held under [illegible], many [illegible] which [illegible] the end [illegible] this quarter.

"No-one [illegible] chancing [illegible] long," said Mr Bergthell.

Soviet diamond plant to close

THE [illegible] eastern Soviet [illegible] Yakutia has decided to close one of its major diamond extracting plants to protect the environment, the independent Interfax news agency said, reports [illegible] from [illegible].

The agency said the four Yakutalmaz plants provided 99 per cent [illegible] all diamonds extracted in the Soviet Union.

NZ farmers have worst year on record

By Terry Hall in Wellington

NEW ZEALAND'S sheep and beef farmers have had their [illegible] season since records began 30 years ago; and economists say they are heading for an even worse year.

The Meat and [illegible] Board's annual economic review, released yesterday, said that farm profits were at their low[illegible] in real terms for at least 30 years and that wool [illegible] at a 45-year low.

Mr Rob Davison, the board's director, said lower wool earnings pushed pre-tax profits [illegible] the average farmer from NZ$33,500 (£11,400) in 1989-90 to NZ$23,100 in the 1991 year, less than a third in real terms compared with 1976.

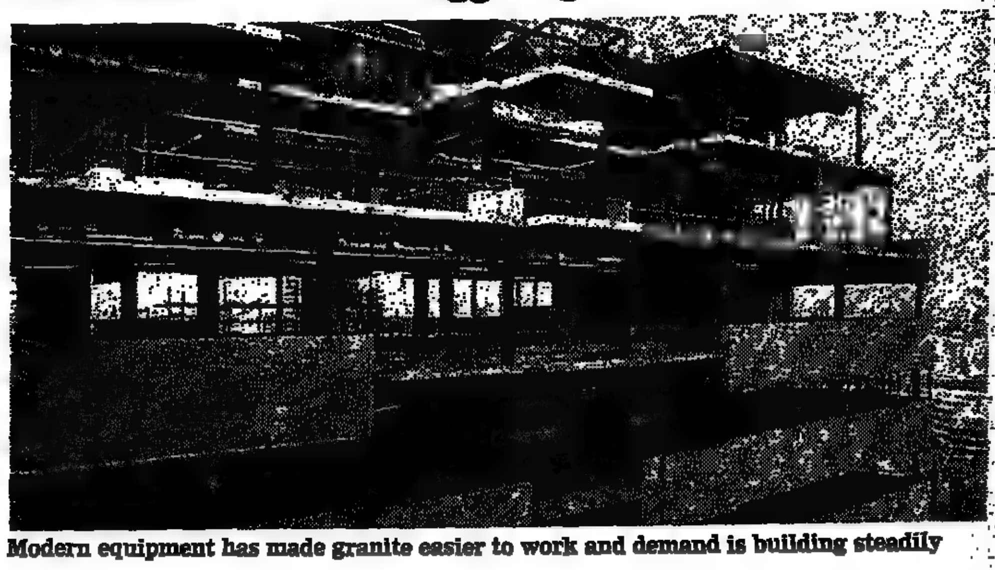
He predicted that earnings would fall to an [illegible] NZ$20,300 by June next year. From that farmers are expected to pay tax, and meet family living costs, debt repayments and make capital purchases.

Although wool farmers are in line for an average NZ$1,700 supplementary pay-out from the W[illegible] Board in October, th[illegible] were told that their receipts would be down by a further 9 per cent by June next year. Lamb export prices fell 26 per cent in the North Island last year but only 10 per cent in the South Island as meat producers battled for stock.

In spite of the difficulties, Mr Davison noted that meat exports rose by NZ$273m last year to a record NZ$2.61bn. But Mr Davison said that was due to increased volumes and a higher degree of processing. Pastoral exports fell by NZ$277m to NZ$6.81bn, mainly because of falls of NZ$353m in wool earnings and NZ$168m in earnings from b[illegible]tter exports.

Rich yields from stony ground

Philip Gawith looks at South Africa's biggest granite producer



Modern equipment has made granite easier to work and demand is building steadily

THE STEAMY Magaliesberg region [illegible] the north[illegible] Transvaal is best known as home to the sur[illegible] Sun City pleasure palace and the world's richest platinum mines. It [illegible] also the source of most of South Africa's granite production, much [illegible] which ends up as clad[illegible] high-rise buildings in [illegible] Europe.

South Africa, with India, is [illegible] world's largest exporter [illegible] granite, or "hard" stone, as opposed [illegible] stone [illegible] marble. Keeley Granite [illegible] the local [illegible], with [illegible] 60 per cent of production. It is the world's largest exporter [illegible] dimensional granite blocks.

The granite industry is [illegible] unlikely interface between mining and [illegible]. It [illegible] on conventional extractive methods, but there [illegible] little [illegible] precision [illegible] with carefully [illegible] ore-bodies of known grades. Indeed, mining granite requires much [illegible] art, love [illegible] intuition [illegible].

Mr Inus Riekert, deputy chairman [illegible] Keeley, [illegible]: "Granite is something that has to be in [illegible] blood [illegible] of it. [illegible] wood-carving. [illegible] people [illegible] do it while others just make [illegible] mess".

[illegible] for [illegible] business [illegible] essential. It requires a wealth [illegible] experience to look at a granite deposit and make a judg[illegible] internal faulting, [illegible] in the [illegible] and commercial viability. Recovery rates are very [illegible] – only 5 per [illegible] for [illegible] – and those [illegible] adequate technical expertise can quickly run [illegible].

A [illegible] challenge [illegible] producers [illegible], especially in Japan, demand consistency of product and supply. It is here that a group like Keeley has [illegible] big advantage over less established p[illegible]. It [illegible] large exposed reserves, [illegible] allows it considerable production flexibility, should [illegible] demand change or production problems [illegible] a specific quarry face, and gives consumers the confidence that the pro[illegible] will not run [illegible] half was through a project.

If the challenges are [illegible]erable, so are [illegible] rewards.

Despite [illegible] economic [illegible] and [illegible] in the [illegible] year, Keeley's profit margin [illegible] still [illegible] cent, although attributable profits dropped [illegible] (£7.6m).

When it comes to experience, there [illegible] nobody [illegible] rival Mr Fred Keeley, the 56-year-old [illegible] chairman of Keeley Group Holdings, [illegible] operating arm Kelgran who has run the Keeley operations for the last 32 years. Keeley has been in the news recently with the [illegible] in April [illegible] Genmin, the mining arm of the Gencor group, [illegible] taking [illegible] per cent stake in KGH. In terms of this arrangement, Mr Keeley will stay on [illegible] before handing over [illegible] management.

From Mr Keeley's point of view, [illegible] link-up solves [illegible] succession problem [illegible] a family business lacking an [illegible] apparent while Genmin will [illegible] hoping that five years is enough [illegible] in [illegible] to [illegible] Mr Keeley's expertise.

The deal also offers [illegible] synergies, most notably Keeley gaining [illegible] to [illegible] Genmin granite [illegible], and the prospect of extra business [illegible] its D[illegible] operations via Samancor and Alusaf, major exporters in the [illegible] group. [illegible] Bright, mining analyst [illegible] stockbrokers Edey Rogers [illegible] mates that stevedoring [illegible] cally accounted for [illegible] cent [illegible] Keeley's turnover. He estimates that this now has the po[illegible] double. Genmin benefit by broadening their [illegible] interests, getting a [illegible] profitable business, and picking up [illegible] stevedoring operation.

Prospects for the [illegible]ustry look good. About 30m tonnes of raw and finished stone are traded every year and growth in this market is estimated by Mr Rob Brown, Keeley's Administration Director, at between 6 and 6.5 per cent per year. He also calculates that there is a shift from soft to hard stones of about 2 per cent per annum. This is a result of granite being easier to work with following developments in diamond based cutting equipment, and of it being more durable than soft stone. Currently hard stones have about 40 per cent of the total stone market.

Mr Keeley says major markets have recovered well from the demand [illegible] caused [illegible] the Gulf War. He also discerns a silver lining, saying that the pollution problem in the [illegible] augurs well for granite. The lifting of [illegible] has also opened new markets. Mr Keeley says they are already doing business in eastern Europe and the crumbling building fabric of many European cities offers further opportunities.

Keeley produces about 400,000 tonnes of granite a year, up from 200,000 tonnes in 1988. Less than 10 per cent of this is sold in the domestic market. Of the exports, 25 per cent go to Italy, 15 per cent to Spain, 40 per cent to the Far East and the balance to the US and the rest of Europe. These export sales are to block distributors and major processors.

An important area of expansion for the future is the local beneficiation of the granite. At the moment the value-added market accounts for only 5-6 per cent of Keeley's business. This consists of two main areas: tiles and domestic usages, such as for desks and kitchens. Keeley currently has two factories working on this side and a further one is planned in Bophutatswana.

Two possible areas of concern for the future are tax and the environment. Keeley had a tax bill of only 9.3 per cent in the 1991 financial year on account of export incentives it received. These, however, may well [illegible] phased out, in which [illegible] Mr Brown estimates the tax rate could rise to 25 per [illegible]. On the conservation side, pressure is building up for the industry in general to do a better job of rehabilitating deposits. Producers will almost certainly be required to spend more money in future in this area than they have done in the past.

MARKET REPORT

Zinc edged [illegible] on the LME, although the firmer dollar tended to restrict early [illegible] buying. Further demand was reported [illegible] metal from [illegible] LME's [illegible] noted a fall [illegible] in Japanese zinc [illegible] in July. Aluminium [illegible] sufficient follow-through interest [illegible] three-month metal [illegible] $1,[illegible] a tonne in [illegible] morning. [illegible] reluctance [illegible] through the $1,300-a-tonne [illegible] triggered liquidation orders. [illegible] three-month metal had retreated [illegible] $1,285.50 a tonne, [illegible] on [illegible] day. Traders [illegible] concerned [illegible] today's LME [illegible] figures, which will contain [illegible] from [illegible] reporting periods [illegible] absence [illegible] any [illegible] on Tuesday, will [illegible] a large rise in aluminium [illegible]. Nickel [illegible] off [illegible] day's highs [illegible] advancing early on news that Falconbridge plans to [illegible] production at its [illegible] in Norway. In Chicago [illegible] was edging higher at midday, although [illegible] shrugged off [illegible] China had bought [illegible] of French [illegible] and [illegible] Union [illegible] bought [illegible] wheat. But anticipation [illegible] imminent [illegible] USSR [illegible] credit [illegible] in place helped [illegible] bearish aspects [illegible] competing [illegible].

Compiled from [illegible]

WORLD COMMODITIES PRICES

London [illegible]

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	[illegible]	+.125
Brent Blend (dated)	[illegible]	+.275
[illegible]	[illegible]	+.175
W.T.I. (1 pm [illegible])	[illegible]	[illegible]

Oil products (NWE [illegible] delivery per tonne CIF)		+ or -
Premium Gasoline	[illegible]	-1
Gas Oil	$195-197	+3
Heavy Fuel Oil	$71-73	
Naphtha	$214-216	+1
Petroleum Argus Estimates		

[illegible]		+ or -
Gold [illegible] oz)♣	$351.95	[illegible]
[illegible]	388.5c	-6.0
Platinum (per troy oz)	[illegible]	
Palladium (per troy oz)	[illegible]	[illegible]
Copper [illegible] Producer)	108c	
Lead (US Producer)	42c	+6
Tin (Kuala Lumpur market)	15.15r	[illegible]
Tin (New York)	260.0c	+1.0
Zinc (US Prime [illegible])	62.0c	
[illegible] (live weight)†	107[illegible]	+1.21*
Sheep (dead weight)†	[illegible]	-8.62*
Pigs (live weight)†	65.43p	-3.25*
London daily sugar (raw)	[illegible]	+2.5
London daily sugar (white)	[illegible]	[illegible]
Tate and [illegible] price	[illegible]	+0.5
Barley (English feed)	£110.50	+0.75
[illegible] (US No. 3 yellow)	£179.0	-1.0
[illegible] Dark [illegible]	[illegible]	
Rubber (Oct)♥	63.50p	+0.50
Rubber (Nov)♥	64.00p	+0.50
Rubber (KL RSS No 1 Sep)	227.5r	
Coconut oil (Philippines)§	$425.0y	-15.0
Palm Oil (Malaysian)§	$310.0t	
Copra (Philippines)§	$260.0]	
[illegible]	[illegible]	-1.5
Cotton "A" Index	71.85c	-0.05
[illegible] (64s Super)	365p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct t-Oct/Dec u-Sep x-Jul/Aug y-Aug/Sep [illegible] j-Oct/Nov. [illegible] Commission average [illegible] prices. * change from a week [illegible] market. §CIF Rotterdam. [illegible] m-Malaysian [illegible]

[illegible] – London FOX ($ per tonne)

Raw	[illegible]	[illegible]	High/Low	
Oct	197.80	[illegible]	203.00	195.80
Dec	184.00	[illegible]	185.00	
[illegible]	[illegible]	[illegible]	186.00	181.00
May	[illegible]	188.80	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	
White	[illegible]	**Previous**	**High/Low**	
Oct	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	276.0	[illegible]
[illegible]	[illegible]	[illegible]	274.8	270.6
[illegible]	[illegible]	[illegible]	274.0	272.0
Oct	[illegible]	[illegible]	[illegible]	253.0
Dec	250.0		251.5	251.0

Turnover: Raw 733 (321) lots of 50 tonnes. White 1240 (1643)
Paris- White (FFr per tonne): Sep 1734.

CRUDE OIL – IPE [illegible]

	[illegible]	[illegible]	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	20.03	[illegible]	[illegible]
Jan	20.08	[illegible]	20.09	20.07
IPE Index	20.03	20.08		

Turnover 9246 (23336)

GAS OIL – IPE $/tonne

	[illegible]	[illegible]	High/Low	
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	196.00	195.00	196.00	195.75
Nov	200.75	196.50	200.25	196.50
[illegible]	200.75	197.50	200.75	197.50
Jan	198.00	194.50	198.00	195.75
Feb	190.75	189.75	191.50	190.00
Mar	183.75	182.25	184.00	183.00
Apr	180.75		180.75	180.50
May	175.00		175.00	

Turnover 12575 (4394)lots of 100 tonnes

FRUIT & VEGETABLES
New season Discovery apples are in the shops at 40-55p a lb (55-75p). Other good fruit buys are Sultana grapes at 50-60p a lb (45-75p), peaches and nectarines at 20-30p each (15-30p). There are plenty of great homegrown vegetable buys with cauliflower at 35-50p each (40-55p), [illegible] at 15-22p a lb (15-22p). Corn-on-the-cob is reasonably priced at 35-45p per cob. Dutch and English [illegible] is a good [illegible] buy at [illegible] each (30-50p). Spring onions at 25-30p a bunch (25-30p) are plentiful, along with Iceberg at 45-60p each (48-65p). Round lettuce at 25-35p each (25-35p) and tomatoes at 40-55p a lb (45-55p).

COCOA – London FOX [illegible]

	Close	Previous	High/Low	
Sep	[illegible]	644	642	636
Dec	[illegible]	684	682	676
Mar	717	722	720	716
May	738	741	738	734
Jul	[illegible]	760	759	754
Sep	[illegible]	780	777	774
Dec	801	805	[illegible]	800
[illegible]	826	829	826	

Turnover: 5088 (3907) lots [illegible] 10 tonnes
ICCO indicator prices (SDRs per tonne). [illegible] price for Aug 28 862.85 (864.52) 10 day [illegible] Aug 29 [illegible]

[illegible] – London FOX [illegible]

	[illegible]	[illegible]	High/Low	
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Nov	560	[illegible]	[illegible]	[illegible]
[illegible]	574	570	[illegible]	570
[illegible]	[illegible]	[illegible]	[illegible]	568

[illegible] lots [illegible] 5 [illegible]
[illegible] pound) [illegible] Aug 28 : Comp. daily 65.23 [illegible] average 62.82 (62.72)

POTATOES – [illegible] FOX £/tonne

	[illegible]	[illegible]	High/Low	
Apr	116.2	116.0	120.5	118.1

Turnover 183 (380) lots of 20 tonnes.

SOYAMEAL – London FOX [illegible]

	[illegible]	[illegible]	High/Low	
Oct	131.00		[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	137.00	[illegible]
[illegible]	[illegible]		141.50	

Turnover 50 (35) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	[illegible]	[illegible]	High/Low	
Sep	1634	1643	1640	1629
Oct	1695	1715	1706	1695
[illegible]	1703	1716	1712	1700
Apr	1703	[illegible]	[illegible]	1701
Jul	1480			
BFI	[illegible]	[illegible]		

[illegible]

GRAINS – London FOX [illegible]

Wheat	[illegible]	[illegible]	High/Low	
[illegible]	113.50	113.45	113.60	113.50
[illegible]	117.15	116.80	117.35	117.00
[illegible]	[illegible]	[illegible]	124.10	[illegible]
May	[illegible]	[illegible]	126.80	
Barley	[illegible]	[illegible]	**High/Low**	
Sep	110.25	[illegible]	[illegible]	
Nov	[illegible]	113.50	114.05	[illegible]
Mar	[illegible]		120.05	

[illegible] Barley [illegible]
Turnover lots of [illegible]

PIGS – London FOX (Cash Settlement) p/kg

	[illegible]	[illegible]	High/Low	
Oct	[illegible]	100.0	[illegible]	99.5
Nov	[illegible]		[illegible]	103.0
[illegible]	[illegible]	102.5	104.0	103.0

[illegible] (12) [illegible] of 3,250 [illegible]

MGMI – London FOX

	[illegible]	[illegible]	High	[illegible]	Vol
Indx	[illegible]	[illegible]			
[illegible]	[illegible]	[illegible]	138.40	[illegible]	65
Oct	[illegible]	[illegible]	[illegible]	[illegible]	75
Nov	[illegible]	[illegible]	[illegible]	[illegible]	75
[illegible]	[illegible]	[illegible]	139.10	136.70	110

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	[illegible] Official	[illegible] close	Open interest
Aluminium, 99.7% purity ($ per tonne)					[illegible] daily turnover [illegible] lots	
Cash	1256-7	1258-9	1264	1263-4		
[illegible]	[illegible]	1289-90	[illegible]	[illegible]	1282-3	[illegible]
Copper, [illegible] A (£ per tonne)					Total daily turnover [illegible]	
Cash	1345-7	1366-7	[illegible]	[illegible]		
[illegible]	[illegible]	1366-7	1368/1350	1353-4	1357-8	[illegible]
Lead (£ per tonne)					Total [illegible] lots	
Cash	315-6	317-7.5		318.5-9.0		
3 [illegible]	[illegible]	329-30	328/327	327.5-8.0	328-9	[illegible]
[illegible]					[illegible] daily turnover [illegible] lots	
Cash	7880-70	[illegible]	[illegible]	7900-5		
[illegible]	[illegible]	7980-85	7960/7910	7950-5	7910-20	[illegible] lots
Tin ($ per tonne)					Total [illegible] turnover [illegible] lots	
Cash	5580-90	5575-85		5580-90		
3 [illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
Zinc, [illegible] High Grade ($ per tonne)					Total [illegible] lots	
Cash	1019-20	1013-15	1019	1018.5-9.5		
3 months	[illegible]	1033-34	1038/1035	[illegible]	[illegible]	[illegible] lots

LME Closing £/$ rate:
SPOT: [illegible]5 3 [illegible] 6 [illegible] 9 months: [illegible]

LONDON BULLION MARKET
(Prices supplied [illegible] N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	351.70-352.20	
[illegible]	[illegible]	
Morning [illegible]	[illegible]	206.727
[illegible]	[illegible]	207.081
Day's high	[illegible]	
Day's [illegible]	[illegible]	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	[illegible]	6 months	[illegible]
2 months	5.13	12 months	[illegible]
3 [illegible]	5.07		

Silver fix	p/fine oz	US cts equiv
Spot	232.90	394.10
3 months	239.25	399.70
6 months	[illegible]	405.15
12 [illegible]	257.75	4[illegible]

GOLD COINS
(Prices supplied by Engelhard [illegible])

	$ [illegible]	£ equivalent
Krugerrand	[illegible]	[illegible]
Maple leaf	[illegible]	[illegible]
[illegible] Sovereign	85.00-86.00	50.00-50.50

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
[illegible] price [illegible]	[illegible]	Dec	[illegible]	[illegible]
1150	112	142		3
1250	16	63	6	[illegible]
1350		18	68	75
Copper [illegible] A)	[illegible]		**Puts**	
2150	128	[illegible]		[illegible]
2250	33	[illegible]	6	[illegible]
2350	1	30	72	125
Coffee	**Nov**	**Jan**	**Nov**	**Jan**
600	58	101	21	20
625	43	84	31	28
650	30	[illegible]	[illegible]	[illegible]
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
500	[illegible]	77	2	[illegible]
550	17	29	[illegible]	18
600	1	17	54	44
Brent Crude	[illegible]	**Nov**	**Oct**	[illegible]
2050	15	[illegible]		
2100	30	[illegible]		
2150	4	[illegible]		

[illegible] York

GOLD 100 troy oz.; $/troy oz.

	[illegible]	[illegible]	[illegible]	
[illegible]	350.9	353.9	0	0
[illegible]	352.4	[illegible]	[illegible]	352.8
Dec	355.7	[illegible]	[illegible]	[illegible]
Feb	358.7	362.0	360.8	358.6
Apr	361.6	[illegible]	361.9	361.6
Jun	364.7	[illegible]	368.5	364.5
Aug	[illegible]	[illegible]	0	0
Oct	370.8	[illegible]	0	0

PLATINUM 50 troy oz; $/troy oz.

	[illegible]	Previous	High/Low	
Oct	339.0	341.5	341.0	[illegible]
Jan	343.4	345.8	344.5	342.5
Apr	347.1	349.5	347.6	[illegible]
Jul	351.1	[illegible]	352.0	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

[illegible] 5,000 troy oz; cents/troy oz.

	[illegible]	[illegible]	High/Low	
Sep	382.2	382.3	382.0	[illegible]
Oct	383.9	384.1	0	0
Dec	388.5	388.8	388.5	387.0
Jan	[illegible]	400.3	0	0
Mar	[illegible]	405.5	405.0	394.0
May	[illegible]	410.1	0	0
Jul	[illegible]	414.6	410.5	403.0
[illegible]	[illegible]	[illegible]	412.6	[illegible]
[illegible]	[illegible]	426.7	420.0	[illegible]

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	[illegible]	
Sep	103.70	103.65	103.95	102.85
Oct	[illegible]	[illegible]	[illegible]	102.40
Nov	[illegible]	[illegible]	[illegible]	102.25
Dec	102.85	102.65	[illegible]	101.85
Jan	102.20	102.10	[illegible]	[illegible]
Feb	[illegible]	[illegible]	0	0
Mar	100.95	100.95	101.00	100.40
Apr	100.40	100.45	100.35	0
May	99.85	[illegible]	99.60	99.60
Jun	99.40	99.55	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	[illegible]	[illegible]	High/Low	
Oct	[illegible]	[illegible]	21.98	21.78
Nov	21.84	21[illegible]	21.86	[illegible]
Dec	21.73	21[illegible]	21.77	[illegible]
Jan	21.61	[illegible]	21.63	21.49
Feb	21.48	21.35	21.51	21.42
Mar	21.28	[illegible]	[illegible]	21.27
Apr	21.15	[illegible]	21.16	21.15
Jul	[illegible]	20.76	20.86	20.86

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Sep	6300	6224	6310	6235
Oct	6395	6312	6405	6335
Nov	6480	6409	6485	6435
Dec	6550	6500	6565	6525
Jan	6575	6521	6580	6540
Feb	6420	6366	6420	6400
Mar	6180	6111	6180	6130
Apr	5940	5881	5940	5940
May	5775	5741	5790	5775
Jun	5648	5570	5725	5595

COCOA 10 [illegible]

	[illegible]	[illegible]	High/Low	
[illegible]	[illegible]	[illegible]	1025	1020
[illegible]	1067	[illegible]	[illegible]	1062
[illegible]	1118	1123	1121	1113
[illegible]	1145	1152	1150	1146
Jul	1173	1178	1178	1173
[illegible]	1198	1202	[illegible]	0
[illegible]	[illegible]	[illegible]	0	0
[illegible]	[illegible]	[illegible]	0	0
May	1290	[illegible]	[illegible]	[illegible]
Jul	1318	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	85.40	[illegible]
[illegible]	[illegible]	[illegible]	88.75	[illegible]
[illegible]	91.65	[illegible]	92.25	91.00
[illegible]	94.15	[illegible]	[illegible]	[illegible]
Jul	96.50	[illegible]	97.00	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	99.00
Dec	102.65	103.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	8.73	8.91	8.87	8.57
Mar	8.27	8.41	8.33	8.22
May	8.21	8.34	8.26	8.17
Jul	8.22	8.31	8.26	8.20
Oct	8.26	8.32	8.24	8.24

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	65.00	66.03	66.70	64.95
Dec	65.32	66.52	66.85	65.30
Mar	66.30	67.57	67.65	66.30
May	67.05	68.20	68.34	67.05
Jul	67.58	67.75	68.65	68.65
Oct	67.06	67.50	67.20	67.05
Dec	67.02	67.18	67.50	67.00

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	120.50	119.75	120.75	119.30
Nov	119.30	117.50	120.10	117.65
Jan	117.70	115.30	117.90	115.75
Mar	118.60	116.40	118.60	116.75
May	119.25	117.35	118.00	117.90
Jul	119.25	117.35	0	0
Sep	119.25	117.35	0	0
Nov	119.25	117.35	0	0
Jan	119.25	117.35	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Aug.29	Aug.28	mnth ago	yr ago
1665.1	1658.5	1592.5	1791.6

DOW JONES (Base: Dec. 31 1974 = 100)

	Aug.28	Aug.27	mnth ago	yr ago
Spot	[illegible]	117.92	[illegible]	130.88
[illegible]	122.25	122.10	123.70	133.06

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Sep	569/4	570/4	572/0	566/0
Nov	582/4	583/0	585/4	579/0
Jan	592/6	594/4	596/0	590/0
Mar	603/4	604/2	606/2	600/4
May	610/0	612/2	613/4	608/4
Jul	[illegible]	[illegible]	618/0	614/0
Aug	611/0	[illegible]	615/0	611/0
Sep	[illegible]	596/0	597/4	591/0

SOYABEAN [illegible]

	Close	Previous	High/Low	
Sep	[illegible]	[illegible]	20.06	19.70
Oct	[illegible]	[illegible]	20.24	19.88
Dec	20.38	[illegible]	20.50	20.20
[illegible]	[illegible]	20.60	20.77	20.40
Mar	[illegible]	20.93	21.10	20.75
May	[illegible]	21.11	21.10	20.95
Jul	[illegible]	21.36	21.35	21.30
[illegible]	[illegible]	[illegible]	0	0

SOYABEAN MEAL 100 [illegible]

	Close	Previous	High/Low	
Sep	[illegible]	[illegible]	186.7	184.3
Oct	[illegible]	[illegible]	[illegible]	183.0
Dec	183.4	183.3	183.6	181.9
Jan	182.4	182.6	183.2	181.3
Mar	182.1	[illegible]	[illegible]	181.0
May	181.7	[illegible]	[illegible]	180.2
Jul	[illegible]	[illegible]	181.0	179.0
[illegible]	[illegible]	[illegible]	[illegible]	179.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	247/0	250/0	249/2	246/6
Dec	252/4	254/4	254/2	252/2
Mar	260/0	261/4	261/4	259/4
May	264/0	265/6	265/6	263/4
Jul	266/0	268/0	267/6	265/6
Sep	254/0	254/0	255/6	254/0
Dec	250/2	250/6	251/4	249/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	304/4	305/2	305/6	303/0
Dec	317/6	317/4	318/6	315/4
Mar	321/6	322/2	323/0	319/6
May	314/0	315/4	317/4	314/0
Jul	305/2	304/6	306/0	304/4
Sep	313/0	313/0	314/0	313/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	69.70	69.95	70.40	69.65
Dec	73.02	73.07	73.45	72.97
Feb	71.96	72.05	72.32	71.90
Apr	72.87	72.95	73.25	72.85
Jun	70.85	70.92	71.17	70.77
Aug	69.50	69.40	69.60	69.50

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	43.77	43.95	44.15	43.60
Dec	43.60	43.65	43.97	43.40
Feb	43.40	43.30	43.55	43.20
Apr	41.95	41.82	42.17	41.82
Jun	46.17	45.90	46.35	46.00
Jul	46.07	46.02	46.15	46.07
Aug	44.65	44.45	44.65	0

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	47.62	47.80	47.95	47.15
Mar	47.22	47.20	47.50	46.60
May	48.00	48.00	48.30	47.30
Jul	48.20	48.10	48.20	47.35
Aug	45.10	45.10	45.35	0

LONDON STOCK EXCHANGE

Market moves closer to recent peaks

By Terry Byland, UK Stock Market Editor

THE LONDON equity market performed well yesterday, largely on the back of Wall Street's strong performance overnight. Equity turnover in the UK market remained brisk and the FT-SE Index closed within [illegible] points of its recent closing peak, having broken through this level earlier in the session.

The rise of [illegible] points to [illegible] in the Footsie was [illegible] impressive [illegible] the market brushed aside the widely-predicted £464m rights [illegible] from Ladbroke, [illegible] UK hotel and [illegible] group, [illegible] it did New York's failure in early trade to move above the all-time peak [illegible] the Dow Industrial Average [illegible] on Wednesday. In early trade, [illegible] Footsie touched 2,642.8.

Account Dealing Dates		
First Dealings:		
Aug 12	Sep 2	Sep [illegible]
Option Declarations:		
Aug 29	Sep [illegible]	Sep 26
Last Dealings:		
Aug 30	Sep 13	Sep 27
Account Day:		
Sep 9	[illegible]	Oct 7

*New-time dealings may take place from 8.30 am two business days earlier.

The market's growing optimism on the domestic economy was encouraged by a favourable [illegible] Institute of Economic and Social Research which suggested that the recession in [illegible] is tailing off into a slow and hesitant recovery.

Speculation over interest rate cuts in the US encou[illegible] London but local factors [illegible] provided impetus. Bid interest, often regarded as an indication of market bullishness, focused around Pilkington, the UK [illegible] producer, although [illegible] ers [illegible] by [illegible] that Saint [illegible] was a [illegible] buyer. Cadbury Schweppes, the UK [illegible] another long-time bid [illegible] attract [illegible] yesterday.

Once again there was increased concentration on [illegible]ond-line equities. [illegible] Govett, the UK securities house, picked out a number of bullish signals in its Tootsie list of second line UK stocks.

Seaq-reported trading volume totalled 428.6m shares, against 514.9m in the previous [illegible]. The Seaq [illegible] in [illegible] retail [illegible] inter-market [illegible] and [illegible] believed to be [illegible] at present by [illegible] approach of tonight's [illegible] equity trading [illegible].

The account, which [illegible] encompassed the dramatic turn [illegible] in [illegible] Russia, [illegible] highly erratic, if finally [illegible] investors; [illegible] marketmaking [illegible] it has [illegible] an extremely difficult period and traders were still struggling to find stock in the market yesterday.

Mr Ian Stephenson at Salomon International described [illegible] market [illegible] as a "benign [illegible] market", [illegible] prices edging determinedly higher, although market volume has died away since last week.

[illegible] although the underlying trend remains very firm, [illegible] gains [illegible] challenged in September, especially if other leading companies follow Peninsular & [illegible] Ladbroke in announcing significant fund-raising moves [illegible] equity market.

A question mark [illegible] the large trading programme [illegible] at the close of the previous [illegible] by a leading [illegible] banker. [illegible] was doubt [illegible] to the precise direction of [illegible] deal, [illegible] agreed that it was "not disruptive [illegible] the [illegible] perhaps weighted slightly towards the sell side".

The chief feature in [illegible] porate sector came from a significantly reduced loss announcement at G[illegible]an [illegible] Exchange. [illegible] shares moved higher [illegible] some [illegible]gists were wary of the dramatic turnaround in the fortunes of the insurance group.

Glass stake hints

Speculation that attempts were being made to place a 4 per cent stake in Pilkington, the long-established bid target in the UK glass industry, enlivened early trading. When it appeared that any such deal, [illegible]ch would represent 31.2m shares, [illegible] fall[illegible] through, Pilkington shares rallied from an early fall to close unchanged at 166p. Turnover was 5.3m shares, significantly above recent daily [illegible].

[illegible] appeared likely that a leading London securities hou[illegible] [illegible] sought [illegible] arrange a 'bought deal' – taking Pilkington shares on to [illegible] own trading books before lining [illegible] institutional buyers. BTR's announcem[illegible] that [illegible] "refused to co[illegible] on rumours [illegible] had placed its 4.18 [illegible] stake [illegible] Pilkington" at first merely added fuel [illegible] speculation, BTR [illegible] rallied [illegible] 429p after [illegible] company [illegible] appeared to [illegible] firmly that it [illegible] nothing with its Pilkington [illegible].

Some dealers argued [illegible] BTR could have placed [illegible] stake outside [illegible] with a trade buyer. [illegible] was bandied around [illegible] Gobain, the French glassmaker, was [illegible] suggest[illegible] but generally discounted in view of possible monopoly problems.

General Accident up

The [illegible] area provided [illegible]r of the market's outstanding performers in General Accident, which ran up to 555p before settling a net 15 higher at 551p; turnover in the stock was a higher than usual 775,000 shares.

General Accident shares were stimulated by a strong buy recommendation from Kleinwort Benson, the securities house. Mr Kevin Phillips, composite insurance specialist at Kleinwort, said he had recommended the stock because it was approaching a 20-year price relative low against the market, a level which traditionally sees the shares move up strongly.

He said the stock had been knocked badly, along with the rest of the composites, by the poor figures announced last week by Eagle Star. He pointed out that Eagle Star's figures had been hit by losses in its mortgage indemnity business, an area where General Accident's exposure is "minimal".

The Kleinwort analyst also took the view that there was "light at the end of the tunnel" in the insurance market, with the possibility of profits in 1992 and the scene in 1993 looking very much better. He also pointed to General Accident's relatively strong balance sheet and the group's dividend growth potential.

Sun Alliance shares, unsettled by analysts' increasing their forecast losses for the [illegible], rallied 11 to [illegible].

Guardian pleases

One of the best performances [illegible] the Footsie constituents, came from Guardian Royal Exchange (GRE), the composite insurer, despite its disclosure of an [illegible]. The market's [illegible] for the shares derived from the absence of any cash call, the maintained interim and an initial bullish [illegible] by analysts to [illegible] post-figures [illegible]ing with [illegible] company.

GRE shares jumped 14 to 195p with [illegible] spiralling [illegible] to reach 8.2m, [illegible] highest since April [illegible] year. Specialists [illegible] responded [illegible] breakdown of the half-year figures, which revealed a first-quarter loss of £86.6m and a second-quarter loss of only £1.3m. These figures were interpreted as representing strong recovery in the second quarter, possibly indicating profits in the third and fourth quarters, and triggered the upsurge in the share price.

Later in the day, the company dampened the market's enthusiasm. Analysts were told that the first-quarter figures [illegible] provisions for its reinsurance business and reserving and [illegible] second-quarter [illegible] had [illegible] boosted by a high level of investment income. Anticipating "some slippage in the share price tomorrow", [illegible] City specialists then [illegible] more [illegible] look at [illegible] full-year [illegible].

UBS Phillips & Drew [illegible] the year from £125m to £135m and said the company was "not out of the woods yet". Mr Steven Bird at Smith New Court pencilled in a projected loss of £140m. Kleinwort Benson was much more pessimistic, going for a full-year loss of £167m.

Williams trimmed

Williams Holdings picked up sharply at first after announcing a 39 per cent rise in interim profits. Later the shares drifted [illegible] analysts [illegible] decribed [illegible] a low-key [illegible] 3 up [illegible] on [illegible] of [illegible].

Observers [illegible] above expectations but general [illegible] to be maintained. Securities [illegible] it [illegible] "very good value" [illegible] its [illegible]-of-year profit [illegible] by [illegible] £178m.

Heavy [illegible] of 9.7m in National [illegible] was said to have [illegible] generated by a [illegible] buy [illegible] on the stock. National [illegible] 5¼ higher [illegible] 157½p.

In the absence [illegible] significant activity in the dollar during London's trading hours, traders blamed strong performances in some internationals on shortages of stock. They said Glaxo's 26 rise to 1367p was a consequence of short positions having been taken ahead of figures from Astra, a Swedish drug maker. Astra has revealed that sales of a rival to Glaxo's best-selling drug Zantac had grown sharply.

ICI, 16 better at one point, was helped by efforts to accommodate a large overnight trade. The shares ended at 1348p, up 9 on the day. BOC followed a similar pattern in its customary thin trade before ending at 606p, up 8.

Waste management group Leigh Interests continued to rise as buyers appreciated its underperformance against the sector and the market. The shares gained 13 to 325p.

Interim results and an upbeat statement from Slough Estates sent the shares first lower and then [illegible] before they [illegible] at [illegible]p, a penny lower [illegible]. The stock goes [illegible]-dividend on Monday.

Cadbury Schweppes [illegible] 402p, helped by [illegible] bid speculation. There was much talk, widely disbelieved, [illegible] a bid [illegible] at £5 [illegible] this morning. Traders [illegible] divided over whether the gossip pinpointed old favourite Phillip Morris or an even older favourite, Hanson.

[illegible] of a downgrading from the company's broker UBS Phillips & Drew [illegible] interim [illegible] September 5. UBS said yesterday [illegible] not changed [illegible].

A [illegible] rights [illegible] from Ladbroke came as no surprise. The shares rose 5 [illegible] 279p in unusually [illegible] turnover of 8.2m. The cash call came with [illegible] results [illegible] showed profits falling from £158m to £98m. Friendly Hotels slid 9 to 276p after the company revealed interim profits [illegible] per cent lower at £1.4m.

An optimistic [illegible] from W. H. Smith, accompanying full year figures, helped the shares climb 2 to 459p. Profits rose £3m to £89m. "Trading results achieved during a year of deep recession shows [illegible] strength of the group's businesses," [illegible] Sir Simon Hornby, the chairman. Smith remains committed to selling its 19.96 per cent stake in Yorkshire Television at an unspecified date. Yorkshire shares lost 9½ to 196p. Traders said one marketmaker had tried to sell some Yorkshire shares to several securities houses.

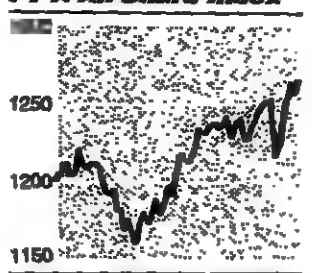
Many of the important building materials stocks registered strong gains but the majority of the housebuilders/construction issues tended to underper[illegible]. [illegible] building sector's interim results season moves into top gear over the next few weeks and most analysts are extremely gloomy.

RM Douglas, which on Tues[illegible] revealed it had received a [illegible] approach, raced up 30 to 545p wi[illegible] the Seaq screens revealing a buyer had paid up to 560p cash for stock.

MARKET REPORTERS:
Daniel Green,
Peter John,
Steve Thompson.

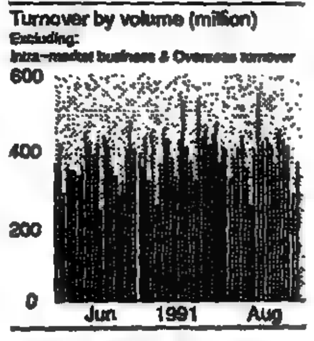
■ Other market statistics, inclu[illegible]ing the [illegible] indices and London Traded Options, Page 20.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1991

NEW [illegible] (161). BRITISH FUNDS (22) Treas. 3pc 1992, Treas. 10pc 1994, Exch. 10¼pc 1995, Treas. 9pc 1992-96, Treas. 8¾pc 1997, Cnv. 10pc 1996, Do. 1996 B, Exch. 9¾pc 1998, Treas. 9¾pc 1995-98, Treas. 9½pc 1999, Cnv. 10¼pc 1999, Cnv. 9pc 2000, Treas. 10pc 2001, Treas. 9¾pc 2002, Treas. 10pc 2003, Fd. 3½pc 1999-04, Cnv. 9½pc 2004, Cnv. 9½pc 2005, Treas. 8pc 2002-06, Treas. 8½pc 2007, Treas. 6¼pc 2008-12, Cnv. 9pc 2011 A, Treas. 2½pc IL 2003. [illegible] ISSUES (4) [illegible] Dev. 10¼pc [illegible] 2003, Do [illegible] (1) Hydro Quebec [illegible] (7) CPC, [illegible] (Pt), Pell, [illegible] Warburg [illegible] Greenalls, [illegible] BUILDINGS [illegible] Spain, [illegible] ICI, Rentokil [illegible] Alsson, [illegible] A, Kingfisher [illegible] (J), ELECTRICALS [illegible] & Decker, Gale, Data, Eurocomponents, Farnell, Life Sciences, Prestwick. ELECTRICITY (2) Natl. Power, Powergen. ENGINEERING (6) Ash & Lacy, Powerscreen, Spirax-Sarco, TI, Victaulic, Weir. FOODS (6) Cadbury Schweppes, Dalgety, Northern, Perkins, Salvesen (Ch), Sims. HOTELS (1) Resort. INDUSTRIALS (42) Astra G, Avon Rubber, BOC, Bespak, Bodycote, Bowater, Do. 7.75pc Prf., Brammer, Courtaulds, Diploma, E/S, Glaxo, Halma, Hays, Johnson Cleaners, Kalon, Lionheart, London Intl., [illegible], Do. 7.25p Prf., MITIE, [illegible] Zochonis A, Pentland, Portals, Reckitt & Colman, Do. 9.5pc Cnv. Bond, Serco, Seton Healthcare, Sidlaw, Spring Ram, TT, Tomkins (FH), Do. 5.5pc Prf., Do. 5¼pc Prf., Trafalgar Hse. A, Vinten, Wellcome, Williams, Do. 5¼pc Prf., Do. [illegible] Prf., Wolseley. INSURANCE (1) Britannic. LEISURE (3) Capital Radio, Chiltern Radio, Euro Disney. MOTORS (2) Pendragon, Sanderson Murray Elder. NEWSPAPERS [illegible] [illegible] CANADIANS (1) Breakwater Res. [illegible] (2) Explaura, Phoenix [illegible] (1) Brown & Jackson, [illegible] (2) Applied Holographics, [illegible] FOODS (1) REA, [illegible] Greenwood, Willaire, LEISURE (2) [illegible], Yorkshire TV. MOTORS (1) Bostrom. PROPERTY (3) Cap. & Counties, Merivale Moore, Safeland. TRUSTS (2) English & Caledonian, Melville Street Wrrnts. OILS (1) Richmond. [illegible] (1) Renison.

APPOINTMENTS

Prestige Group managing director

■ Mr Guy Moreland-Green (pictured) has been appointed managing director of the PRESTIGE GROUP's UK and European operations, from September 1. He also joins the group board. Prestige is the housewares division of Gallaher, and Mr Moreland-Green has headed the distribution division of Gallaher Tobacco for the past five years. Before that he was managing director of J.R. Freeman & Sons, Gallaher's cigar manufacturing subsidiary based in South Wales.

■ Litigation solicitor Mr Greg Gray is to rejoin HOLMAN, FENWICK & WILLAN, a City-based maritime law practice, as a partner. He left the firm in December 1988 to work for Slaughter and May. Mr Gray will join the shipping and commercial litigation department on September 2.

Transmanche-Link chairman changes

■ Mr Philippe Essig is standing down as chairman of the TRANSMANCHE-LINK (TML) supervisory board. He will be succeeded by Mr Pierre Parisot. Mr Essig has also ceased to be full-time chairman of TML, but he has agreed to become a special consultant on transportation matters. Mr Parisot, already a member of the supervisory board, is deputy general manager of Société Générale d'Enterprises, one of the ten contractors (five British and five French) which form TML. Although Mr Parisot will not take on Mr Essig's role as full-time chairman of TML, he intends to work closely with, and to support the chief executive, Mr Jack Lemley, and his senior management team.

■ Mr I.R.B. Perkins has been appointed a managing director of KING & SHAXSON HOLDINGS, and [illegible] King [illegible] Shaxson. He was a director of James Capel [illegible] Co.

■ [illegible] NATIONAL INSURANCE COMPANY (U.K.) has appointed Mr Carl L. Bach as managing director of its London office. He was general manager of the AIG multinational accounts division, AI[illegible] (U.K.), [illegible] senior underwriter, casualty lines.

■ Mr Chris Parkinson has been promoted to [illegible] director of JAYCEE FURNITURE, Brighton, reproduction furniture maker. He has been commercial director since 1989, having joined the company in 1988 as financial director.

■ Mr Rod Macaulay has been appointed financial director at BAILEY TELECOM, Leeds. He joined the company in 1989 from Marconi Instruments.

■ Mr David Bishop (pictured) has been appointed marketing director of JOHNSON MATTHEY ASIA, based in Hong Kong. He joined Johnson Matthey in 1976 and has been general manager, marketing, in the precious metals division since last year.

■ Mr John N. Ricketts has been appointed managing director of INFOCHECK ON LINE. Mr David W. Clark becomes group managing director of Infocheck.

■ Mr Simon Whitelaw (pictured) has been appointed managing director of NEPTUNUS CRC. He will be responsible for developing and marketing the company's "one-stop" container care package. Mr Whitelaw was with the Swire group in the Far East and with Maersk in the UK.

■ TULLOW OIL has appointed Mr Daniel J. O'Donohoe to the board as a non-executive director. He is a director of International Aircraft Services, Crest Investment Trust, and Avenue Investment Company.

FINANCIAL TIMES STOCK INDICES

	Aug 29	Aug 28	Aug 27	Aug 23	Aug 22	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
[illegible] Secs	[illegible]	85.80	85.75	[illegible]	85.64	[illegible]	85.95 (28/8)	82.17 (2/1)	127.4 [illegible]	[illegible] (3/1/75)
Fixed Interest	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	86.52	94.93	90.59 (2/1)	105.4 (28/11/47)	[illegible]
Ordinary Share	[illegible]	[illegible]	2050.0	2069.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gold Mines	[illegible]	157.6	158.1	[illegible]	[illegible]	[illegible]	[illegible] (11/7)	[illegible] (22/2)	[illegible] (15/2/83)	[illegible] (26/10/71)
FT-SE 100 Share	[illegible]	2638.2	[illegible]	2619.6	2640.7	[illegible]	[illegible]	2054.8 (16/1)	[illegible]	986.9 (23/7/84)
FT-SE Eurotrack 200	[illegible]	[illegible]	[illegible]	1131.55	[illegible]	-	1192.11 (5/6)	[illegible] (16/1)	[illegible]	938.62 (16/1/91)
Ord. Div. Yield	[illegible]	4.62	[illegible]	4.69	4.63	5.81				
Earning Yld %(full)	[illegible]	7.53	7.58	7.48	7.54	11.85				
P/E Ratio(Net)(*)	[illegible]	16.58	16.52	16.66	16.55	10.15				
SEAQ Bargains 4.45pm	[illegible]	28,858	[illegible]	[illegible]	30,772	[illegible]				
Equity Turnover(£m)†	[illegible]	[illegible]	838.00	[illegible]	20,620	[illegible]				
Equity Bargains†	[illegible]	[illegible]	29,687	[illegible]	[illegible]	[illegible]				
Shares Traded (ml)†	[illegible]	369.0	284.5	[illegible]	[illegible]	[illegible]				

Ordinary Share Index, Hourly changes — Day's High 2070.0 — Day's Low [illegible]

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2054.5	2063.0	2062.0	2062.9	2066.8	2066.6	2070.2	2068.1	2063.3

FT-SE 100, Hourly changes — Day's High 2642.8 — Day's Low 2631.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2636.9	2636.6	2631.7	2632.0	2636.3	2636.3	2642.4	2638.4	2636.8

FT-SE Eurotrack 200, Hourly changes — Day's High 1191.21 — Day's Low 1187.61

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1188.36	1188.70	1188.14	1188.25	1189.58	1190.17	1189.64

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, Basis 1000 FT-SE 100 31/12/83, FT-SE Eurotrack 200 26/10/90, ★ Nil 15.57

GILT EDGED ACTIVITY

Indices*	Aug 28	Aug 27
Gilt Edged Bargains	[illegible]	77.2
5-Day average	75.0	76.7

*SE Activity 1974. †Excluding intra-market business and overseas turnover.

London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

[illegible] dealers approached [illegible] of the three-week trading account in [illegible] underling equity [illegible] not with a bang but a whisper yesterday. [illegible] and [illegible] at minimal levels, writes Peter John.

On Liffe, the September [illegible] opened [illegible] in [illegible] of a strong Wall Street. Some [illegible] independent traders had long positions and were [illegible] to [illegible] the [illegible] up so they could sell. [illegible] pinpointed American buyers.

[illegible] was behind the early gain it had no solid backing from institutional investors [illegible] soon [illegible] momentum. The contract picked up again in the afternoon to close at [illegible], still [illegible] its [illegible]mated fair value premium of 17 points above the underlying cash market.

In LTOM, turnover was [illegible] on the previous day with 22,700 contracts traded and only two stock options breaking [illegible] 1,000 level. Hanson was the top equity performer. Cadbury, [illegible] was [illegible] subject [illegible] speculation, was also busy.

Long-dated FT-SE [illegible] saw [illegible] business, interpreted either as a hedge against falls in [illegible] or a view [illegible] underlying volatility is set to increase.

LONDON SHARE SERVICE

BRITISH FUNDS

[illegible] (Lives up to Five Years)

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
100¼	99⅜	Exch. 11pc 1991	100	.....	11.00	[illegible]
99¾	96⅞	Treas. 8pc 1991	99⅛	+⅛	8.06	[illegible]
101½	100⅛	Treas 12¾pc 1992‡‡	100⅜	.....	12.6[illegible]	[illegible]
99¾	97⅝	Treas 10pc 1992	99⅜	.....	10.02	[illegible]
132	125	Treas. 2pc IL 1992‡‡	132½	-⅛	2.01	[illegible]
98	95	Treas. 8pc 1992‡‡	98	+⅛	8.1[illegible]	[illegible]
100	98½	Treas 10½pc Cv 1992‡‡	100⅛	.....	10.4[illegible]	[illegible]
96	91	Treas. 3pc 1992	96	+⅛	3.1[illegible]	[illegible]
102	100	Exch. 12¼pc '92	102	.....	12.01	[illegible]
104	102	Exch 13½pc 1992	103	.....	13.0[illegible]	[illegible]
97	94	Treas 8¼pc 1993	97	+⅛	8.4[illegible]	[illegible]
100	97	Treas. 10pc 1993‡‡	100	+⅛	10.0[illegible]	[illegible]
104	102	Treas 12½pc 1993‡‡	104	+⅛	12.0[illegible]	[illegible]
[illegible]	89⅝	Funding 6pc 1993‡‡	94	.....	6.3[illegible]	[illegible]
108	105	Treas 13¾pc 1993‡‡	107½	+⅛	12.8[illegible]	[illegible]
96	92	Treas. 8½pc 1994	96½	+⅛	8.7[illegible]	[illegible]
111	108	Treas 14½pc 1994‡‡	109	+⅛	13.2[illegible]	[illegible]
107	105	Exch 13½pc 1994	107	+⅛	12.5[illegible]	[illegible]
100	96	Treas. 10pc Ln. 1994‡‡	100	+⅛	9.9[illegible]	[illegible]
106	103	Exch. 12½pc 1994	106	+⅛	11.7[illegible]	[illegible]
97	93	Treas 9pc 1994‡‡	97	+⅛	9.2[illegible]	[illegible]
106	102	Treas 12pc 1995	105½	+⅛	11.3[illegible]	[illegible]
[illegible]	82	Exch 3pc Gas 90-95	86½	.....	3.4[illegible]	[illegible]
100	96	Exch. 10¼pc 1995	100	+⅛	10.1[illegible]	[illegible]
109	105	Treas 12¾pc 1995‡‡	109½	+⅛	11.6[illegible]	[illegible]
113	109	Treas. 14pc '96	112½	+⅛	12.4[illegible]	[illegible]
97	92	Treas. 9pc 1992-96‡‡	97½	+⅛	9.2[illegible]	[illegible]
119	115	Treas 15¼pc 1996‡‡	118	+⅛	12.9[illegible]	[illegible]
112	108	Exch 13¼pc 1996‡‡	111	+⅛	11.9[illegible]	[illegible]

Five to Fifteen Years

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
100	95	Conversion 10pc 1996	100	+⅛	9.9[illegible]	[illegible]
100	97	Do. 10pc 1996 B	100	+⅛	10.1[illegible]	[illegible]
113	108	Treas 13¼pc 1997‡‡	112½	+⅛	11.7[illegible]	[illegible]
102	97	Exch 10½pc 1997	102	+⅛	10.2[illegible]	[illegible]
94	89	Treas 8¾pc 1997‡‡	94	+⅛	9.2[illegible]	[illegible]
122	117	Exch 15pc 1997	121	+⅛	12.4[illegible]	[illegible]
98	93	Exch. 9¾pc 1998	98	+⅛	9.8[illegible]	[illegible]
86	80	Treas 6¾pc 1995-98‡‡	86	+⅛	7.7[illegible]	[illegible]
127	121	Treas. 15½pc '98‡‡	126	+⅛	12.2[illegible]	[illegible]
109	104	Exch. 12pc 1998	109	+⅛	10.9[illegible]	[illegible]
98	92	Treas 9½pc 1999‡‡	98	+⅛	9.6[illegible]	[illegible]
111	105	Exch. 12¼pc 1999	111	+⅛	11.0[illegible]	[illegible]
102	97	Treas. 10½pc 1999	102	+⅛	10.2[illegible]	[illegible]
101	95	Conversion 10¼pc 1999	101	+⅛	10.1[illegible]	[illegible]
95	89	Conversion 9pc 2000‡‡	95	+⅛	9.4[illegible]	[illegible]
116	110	Treas. 13pc 2000	116	+⅛	11.1[illegible]	[illegible]
100	94	Treas 10pc 2001	100	+⅛	9.9[illegible]	[illegible]
118	113	Treas. 14pc '98-01	117	+⅛	11.9[illegible]	[illegible]
98	92	Treas 9¾pc 2002	98	+⅛	9.8[illegible]	[illegible]

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
100¾	94	Treas 10pc 2003	100¾	+⅛	9.93	9.89
[illegible]	102	Treas. 11½pc [illegible]	108¼	+⅛	10.62	10.12
[illegible]	53	Funding 3½pc [illegible]	59	+⅛	5.85	8.74
[illegible]	90	Conversion [illegible]	97	+⅛	9.75	9.84
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years — [illegible]

Undated — [illegible]

Index-Linked — [illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for [illegible] 1990: [illegible] and for July 1991: 133.8.

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
104	95	African Dv Bk 11¼ Ln 2010	103	.....	10.71	10.62
99	91	Asian Dev Bk 10¼pc Ln 2009	99	.....	10.36	10[illegible]
113	105	Inter-Am Dev Bk 12½pc 2003	112	.....	11.09	10[illegible]
93	86	Do. 9¾pc Ln 2015	93	.....	10.43	10.50
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies — [illegible]

Public Board and Ind. — [illegible]

FOREIGN BONDS & RAILS

[illegible]

Continued on next page

LONDON SHARE SERVICE

● [redacted] Prices are available on FT Cityline. Calls charged at 34p/minute cheap rate and 45p/minute at all [redacted] times. To obtain your [redacted] ring [redacted]

AMERICANS

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ELECTRICITY

For Scottish Hydro-Electric see [redacted] under LONDON RECENT ISSUES

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd

INSURANCES

هكذا من الأصل

هكذا من الأصل

LONDON SHARE SERVICE

● Latest [illegible] are available on FT Cityline. Calls charged at 34p/minute [illegible] rate [illegible] 45p/minute at all [illegible] times. [illegible] obtain your [illegible] ring [illegible]

LEISURE

1991 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
708	155	Airtours 10p ... β	619	-9	18.25	2.9	1.8	19.4
•108	71½	Allied Leis. 5p ... α	108	+2	F4.75	3.5	5.9	7.6
246	140	Anglia TV ... α	161	...	9.26	2.4	7.7	7.4
31	14	Avesco 1p ... γ	23	...	1.5	1.1	8.7	14.2
9	4½	BCE Hldgs 5p ... β	5½	...				
178	125	Barr & W.A.T. 'A' ... β	164	...	9.75	1.6	8.1	10.4
740	425	Boosey & Hawkes ... β	740	...	16.4	2.7	3.0	14.8
55	24	Border T.V. ... β	53½	...	2.1	♦	5.4	♦
88	17	Brent Walker 10p ... α	20	-½	5.0	-	-	-
28	4	Do 6pc Cr Cm Rd Pf £1 ... γ	7	...	6.0	-	-	-
55	13	Buckingham Int'l 10p α	24	...	‡2.1	1.8	‡	5.6
350	183	Campari Int. 20p ... β	346	...	†11.0	2.9	4.2	9.5
210	134	Capital Radio 2½p ... α	205	+3	5.25	2.9	3.4	13.5
518	350	Carlton Comms 5p ... α	499	+1	†14.1	2.4	3.8	14.0
82	61	Do. 6.5p Prf 5p ... γ	80	+1	6.5	-	10.8	-
253	168	Castle Comms. 5p ... β	218	...	8.5	1.7	5.2	14.6
900	480	Central ITV ... β	895	...	28.5	1.4	4.2	21.9
161	120	Chiltern Radio 10p ... β	161	+8	†4.8	2.6	4.0	12.4
89	39	Chrysalis ... β	76	...	‡2.0	-	‡	-
69	27	Citywision 5p ... α	38	+1	1.0	7.0	3.6	5.0
6	3	Classic Th'breds Ir£0.20 γ	4	+½	-	-	-	-
248	225	Eurocamp 5p ... α	243	-2	R8.5	2.5	4.7	11.7
1405	908	Euro Disney Fr10 ... α	1403	+18	-	-	-	-
30	9	European Leis. Ir25p α	13	...	1.7	2.2	17.4	2.2
•44	21½	Ex Lands 10p ... α	31	...	-	-	-	-
47	15	Expamet 20p ... α	16	...	1.0	2.7	8.6	4.2
563	405	Fairline Boats 10p ... β	468	+5	21.0	4.1	6.0	5.4
276	180	First Leisure ... α	265	-1	†5.05	2.6	2.6	18.2
253	195	GWR Group 20p ... β	247	...	†6.0	3.2	‡	12.9
75	59	Grampian TVA 10p ... β	67	...	4.1	♦	8.2	♦
8	4	Greenwich Comm. 1p ... β	4	...	-	-	-	-
63	33	HTV Ord ... α	43	...	3.75	1.2	11.6	9.9
164	55	Hi-Tec Sports ... β	162	...	5.0	2.9	4.1	11.0
4½	1½	Int'l Media Comm. 1p α	1½	...	-	-	-	-
64	30	Int'l. Resort Hldgs ... β	40	...	‡a3.2	2.5	‡	3.4
92	49	Invicta Sound 10p ... α	90	+1	1.0	4.2	1.5	28.3
•47	27½	Kunick 10p ... α	32½	-½	2.0	2.2	8.2	7.8
88	53	Do. 8¼pc Pf. 5p ... γ	69	-1	8.25	-	15.9	-
110	80	LWT (Hldgs) 10.5p Pf 5p ... γ	109	...	†3.94	-	4.8	-
335	262	Manchester Utd 10p ... α	277	+3	-	-	-	-
353	155	Marina Devs. 50p ... β	155	...	5.0	-	4.3	-
179	124	Metro Radio Grp 5p ... β	176	+3	5.0	3.0	3.8	11.9
102	84	Midlands Radio 10p ... β	98	+2	‡4.5	1.0	‡	20.2
6½	3¼	Millwall Hldgs. 1p ... α	3¼	...	-	-	-	-
•116½	34	Owners Abroad 5p ... α	103	-2½	†q2.9	4.0	3.8	8.6

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRANSPORT—Contd

INVESTMENT TRUSTS

INVESTMENT TRUSTS—Contd

FINANCE, LAND, ETC

WATER

1991 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
383	331	Anglian £1 ... α	372	+1	17.5	2.2	6.3	(8.1)
170	135	East Surrey 10p	178	...	8.0	2.7	6.3	(6.4)
179	155	Mid Kent Hldgs £1	171	...	a8.0	2.8	6.2	6.5
387	322	North West £1 ... α	365	+1	18.0	q2.5	6.6	(6.7)
406	327	Northumbrian £1 ... α	360	...	18.6	2.9	6.9	5.5
370	300	Severn Trent £1 ... α	333	-1	17.55	3.0	7.0	5.2
397	293	Southern £1 ... α	342	-4	17.7	2.5	6.9	(6.4)
392	308	South West £1 ... α	346	-1	20.0	q2.7	7.7	(5.3)

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

1991 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's
49	17	♦Delta Gold 25c ...	44	-2			
42	28	♦Dominion Mining ...	31	-1	†Q4c	7.8	6.2
19½	11	Doral Resources ...	18	-	Q1c	-	2.6
4½	1½	♦Dragon Mining ...	4	...			
32	20	♦Emperor Mines ...	25	...			
5½	3	♦Forsayth NL ...	4½	-½			
35½	19½	♦GM Kalgoorlie 5c	30	-½			
47	29	♦Gwalia Cons 20c ...	39	...	Q6c	2.2	7.2
78	36	♦Indonesian Diamond $2	38	-4			
2½	1	♦Jason Mining 20c ...	1½	...			

Tins

Miscellaneous

1991 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's
26	17	Greenwich Res 5p ...	17	-2	Q20c	-	2.2
£6¼	£3½	Hemlo Gold Mines ...	£5	-¼	Q20c	-	1.4
£11¼	£7¾	Homestake Mining $1 ...	£9¼	-⅛			
61	30	‡‡Ivernia West ... γ	55	...			
44	35	‡‡Kells Mins. Ir5p ... γ	35	...			
25	9	‡‡Kenmare ... γ	11½	...			
18	15	‡‡Navan Resources ... γ	18	...			
99	52	Northgate Expl C$1	68	...			
16	5	North West Expl. ...	5	-2			
188	82	Oryx Gold Hldgs ...	138	...			
23	11	‡‡Ovoca Gold IR 2p ... γ	13	...			
44	18	Plateau Mining 20p ... β	19	...			
600	404	RTZ 10p ... α	595	+6	19.5	2.2	4.4
11	3¼	♦Thorco Res. Inc ‡ ...	10½	...			
10	4	♦Vizcaya Hldgs 5p ... β	4	...			
135	118	♦Young Group 10p ... β	124	...	5.2	1.7	5.7

NOTES

Stock Exchange dealing classifications [illegible] indicated [illegible] the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and [illegible] are [illegible] on [illegible] annual [illegible] and accounts and, where possible, [illegible] updated on half-yearly [illegible]. P/Es are calculated on "net" distribution [illegible] earnings per [illegible] being computed on profit after taxation and unrelieved [illegible] where applicable; bracketed figures indicate [illegible] per cent or more difference if calculated on "nil" distribution. [illegible] are [illegible] on "maximum" distribution; this [illegible] profit after taxation, excluding exceptional prof[illegible] [illegible] of offsettable ACT. Yields are [illegible] on [illegible] prices, are [illegible] adjusted to ACT of 25 per cent and allow for value of declared distribution [illegible] rights.

Estimated [illegible] shown [illegible] Investment Trusts, in pence per [illegible] along [illegible] the [illegible] pre-closing [illegible] price. (Dis) [illegible] (Pm –) [illegible] the [illegible] price. The NAV [illegible] prior charges [illegible] value, convertibles converted [illegible] exercised if dilution [illegible].

- ● "Tap [illegible]"
- • Highs and [illegible] adjusted [illegible] rights issues for [illegible]
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or [illegible]
- ‡‡ Tax-free to [illegible] on application
- ♦ Figures or [illegible] awaited
- ♥ [illegible] dealings permitted [illegible] rule [illegible]
- ♦ [illegible] not listed on Stock Exchange and company not subjected to same degree of regulation as [illegible] securities.
- Not officially listed.
- Price at [illegible] suspension
- [illegible] dividend [illegible] scrip and/or [illegible] cover relates to [illegible] dividend or forecast.
- ♦ Merger [illegible] or reorganisation in progress
- Not comparable
- Same interim; reduced [illegible]
- Indicated [illegible] cover based on earnings [illegible] by latest interim statement.
- [illegible] for [illegible] of shares [illegible] now [illegible] for [illegible] for [illegible] restricted dividend.
- ‡ Cover does not allow for [illegible] may also rank for dividends or [illegible] a future date. No [illegible] provided.
- No par value

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until [illegible] of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised [illegible] or [illegible] official [illegible]

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H

80 Holdenhurst Rd Bournemouth 0345 717373

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
Gilts & Fixed Int	6	115.5	115.5	123.4	+0.3	6.40
High Inc Equity	6	239.3	239.9xd	248.3	+0.4	5.71
Worldwide Bond	6	207.9	207.9xd	220.4	-0.2	6.81
Capital Growth						
American Growth	6	213.2	213.2	227.7	-0.2	[illegible]
Asian Pacific	6	133.7	126.2	134.2	-0.6	1.17
Assets & Earnings	6	182.5	186.1	197.9	+0.5	2.92
Capital Reserve Acc	0	107.4	107.4	107.4	+0.1	7.06
Capital Reserve Inc	0	84.93	84.89	84.93	-0.05	7.06
Commdty & Energy	6	74.89	74.89	80.09	-0.62	1.86
1992 Enterprise	6	64.86	64.86	69.36	-0.32	2.78
Euro Capital Acc	6	89.22	89.22	95.42	-0.34	1.43
Euro Capital Inc	6	85.24	85.24	91.16	-0.33	1.43
General	6	173.0	173.0xd	185.0	+0.3	2.70
Japan	6	90.92	90.92	97.24	-0.97	–
Mastertrust	6	89.67	89.67	95.90	-0.25	2.13
UK Growth Acc	6	162.9	162.9	174.2	+0.7	2.60
UK Growth Dist	6	104.7	104.7	111.9	+0.4	2.62
US Emerging Cos	6	71.46	71.46	76.42	-0.36	–
Income & Growth	6	310.6	310.6	332.1	+1.1	4.22
Ethical	6	51.89	51.89	55.49	-0.21	2.05
International	6	61.90	62.65	66.94	-0.04	1.32
Dividend & Growth	6	50.23	51.50xd	54.78	-0.27	5.38
Global Gwth & Sec	6	51.52	51.80	55.10	-0.08	1.81

Aberforth Unit Trust Managers Ltd (1600)F

14 Chester St Edinburgh EH3 7RA 031-220 0733

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Small Cos	0	1021.0	1021.0	1076.0	[illegible]	[illegible]

Abtrust Unit Trust Managers Ltd (1200)H

10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American & Growth	5¼	31.95	31.65	33.78	-0.11	2.55
Cash	0	51.01	51.01	51.01	-0.11	10.41
European	5¼	71.70	71.70	76.00	-0.40	0.20
European Income	5¼	74.01	74.43xd	78.53	-0.45	1.58
Exempt	1	795.4	785.4xd	809.4	-2.4	5.04
Extra Income	5¼	40.69	40.69	44.00	-0.15	5.64
Far East Exempt Eqty	5¼	49.32	49.72xd	52.91	-0.58	1.21
Fund Inv Tst	5	116.5	118.2	126.1	+0.4	1.26
Fund Inv Tst Acc	5	188.5	191.2	204.1	+0.6	1.34
Gilt & Fixed Int	5¼	16.16	16.39	17.50	-0.01	11.33
Japan	5¼	150.1	150.1xd	159.2	+0.5	0.00
Pacific	5¼	36.10	36.10	38.66	-0.11	0.39
Property Share	5¼	48.32	49.64xd	52.99	-0.12	4.39
UK Growth	5¼	35.51	35.51	38.24	+0.16	3.53
World Growth	5¼	48.55	48.55	51.92	-0.34	0.60

Acorn Unit Trust Managers Ltd (1100)F

1 White Hart Yd London Bridge SE1 1NX 071-407 5966

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Ethical Tst	5	103.2	103.2	111.8	+0.6	1.48
Ethical Tst Acc	5	106.7	106.7	115.5	-0.60	1.48

Acuma Fund Managers Ltd (1000)F

Bishopsgate Progressive Mgmt Co (1200)F

15 St James' Place, London SW1A 1NW 071-493 9111

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Progressive Inc	5	18.49	18.49	19.51	..	0.95
Progressive Acc	5	27.86	27.86	29.40		0.95
International Inc	5	19.30	19.30xd	20.37	..	1.04
International Acc	5	26.23	26.23	27.68		1.04
Gan & Foreign Inc	5	230.1	230.1	242.8	+1.3	0.47
Gan & Foreign Acc	5	275.0	275.0	290.2	+1.7	0.47
Special Sits Inc	5	202.9	202.9	214.1	..	0.80
Special Sits Acc	5	220.4	220.4	232.6		0.80
PEP Inc	5	135.7	137.9	145.5	....	2.42
PEP Acc	5	144.9	147.2	155.4		2.42
Growth Inc	5	80.49	80.49xd	84.94	-0.57	0.59
Growth Acc	5	81.50	81.50	86.02	+0.56	0.59

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F

5 Giltspur St London EC1A 9DE 071-236 6441

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Golden Special Sits	5½	119.3	119.3xd	127.5	-0.4	4.11
Dolphin Dividend	5½	60.39	60.39xd	64.58	-0.41	6.35
Dolphin Inc & Gth	5½	158.4	158.4xd	169.4	+0.3	4.72
Dolphin UK & Gen	5½	34.55	34.71xd	37.12	-0.15	3.09
[illegible]	5½	47.12	49.23	52.65	[illegible]	1.60

Britannia Life Unit Managers Ltd (1200)F

195 West George St Glasgow G2 2PA 041-332 3132

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Balanced Growth	6	78.62	78.62	84.09	-0.33	2.71
Do (Accum)	6	83.56	83.56	89.05	-0.35	2.71
Service Cos	6	65.35	65.35	69.89	-0.27	2.46
Do (Accum)	5	68.75	68.75	73.53	-0.26	2.46
Income Growth	6	43.95	43.95	47.00	-0.12	5.18
Do (Accum)	6	61.87	61.87	66.18	-0.16	5.18
Higher Yield	5	33.07	33.07	35.37	-0.06	5.19
Do (Accum)	5	41.73	41.73	44.64	-0.08	5.18
American Gth Inc	6	33.72	33.72xd	36.06	-0.16	1.23
Do (Accum)	6	34.36	34.36	36.75	-0.16	1.28
European Growth	6	25.60	25.60	27.37	-0.14	1.88
Do (Accum)	6	26.08	26.08	27.90	-0.05	1.88
Global Bond Inc	5	22.82	22.87	24.46		6.58
Do (Accum)	5	26.38	26.43	28.27		6.58
Managed P'folio Inc	5	25.60	25.68	27.47	-0.02	–
Do (Accum)	5	25.60	25.68	27.47	[illegible]	–

Brown Shipley & Co Ltd (1000)F

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time at which the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♠) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

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هكذا من الأصل

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OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY [illegible] CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark selling boosts dollar

A LARGE order from the Middle East selling D-Marks prompted covering of short dollar positions in late European trading yesterday. This led to [illegible] rally by the US currency, bringing it [illegible] from the day's low of DM1.7285. It closed in London near the day's high.

The dollar [illegible] been drifting lower, when the order to [illegible] D-Marks, possibly by [illegible] Jeddah, caught [illegible] market by surprise. [illegible] that [illegible] could find little reason [illegible] buy dollar's despite some mildly encouraging economic news.

New applications for [illegible] unemployment benefit fell by [illegible] [illegible] [illegible] seasonally adjusted 421,000 in the week ending August 17. The four-week [illegible] ing [illegible] was 414,750, compared with 410,500 in the previous period. Personal income fell 0.1 [illegible] [illegible] in July, [illegible] consumption [illegible] [illegible] [illegible] [illegible].

The consumption figure was *widely expected but was well* received, giving evidence that the [illegible] economy [illegible] recovering from recession, after Wednesday's disappointing second quarter [illegible] national product data.

At the London [illegible] the dollar had climbed [illegible] [illegible] from DM1.7400; [illegible] Y137.00 from Y136.65; to SFr1.5255 from SFr1.5175; and [illegible] [illegible] from FFr5.9050. On [illegible] [illegible] England figures the dollar's index [illegible] unchanged at 66.4.

Sterling [illegible] a little lower in general, remaining the third weakest currency in the European exchange [illegible] mechanism. There [illegible] no [illegible] [illegible] nomic factors [illegible] [illegible] the pound, and the latest opinion poll showing that the ruling UK Conservatives had cut the lead of the opposition Labour Party had no impact.

It [illegible] generally expected however that political [illegible] will become a stronger influence [illegible] the pound next month, when the UK political [illegible] take place, and in future months as [illegible] general election draws [illegible].

Sterling fell 85 points [illegible] $1.6815. [illegible] also declined to [illegible] from DM2.9400; [illegible] [illegible] from [illegible] [illegible] [illegible] [illegible] from Y231.00, but was unchanged at SFr2.5650. The pound's index closed 0.1 lower at 90.7.

There [illegible] [illegible] [illegible] *economic reason for the selling of* D-Marks, with most operators expecting the currency to hold firm for the time being. The lack of change in the Bundesbank's credit policies came as [illegible] surprise at yesterday's council meeting, after the increase in official [illegible] two weeks ago. Figures from the European Commission showed the D-Mark steady in the middle [illegible] the ERM.

Surprisingly strong growth in second quarter French gross domestic product failed to lift the franc off the bottom of the ERM. Growth of 0.8 per cent, compared with market expectations of [illegible] per cent, and a flat figure in the first quarter. At the [illegible] fixing the D-Mark [illegible] to FFr3.3950 from FFr3.3927.

The Belgian franc replaced the lira as the second strongest member [illegible] the ERM, but there were no other changes in quiet *trading.*

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Aug 29	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	127.852	-4.32	5.71	75
Belgian Franc	42.4032	42.2435	-0.38	1.52	24
Italian Lira	1538.24	1533.06	-0.34	1.48	23
Dutch Guilder	2.31643	2.31326	-0.14	1.28	13
D-Mark	2.05586	2.05375	-0.10	1.24	15
Irish Punt	0.767417	0.767877	0.06	1.08	3
Sterling	0.696904	0.699229	0.33	0.80	-7
Danish Krone	7.84195	7.92684	1.08	0.06	-43
French Franc	6.89509	6.97363	1.14	0.00	-35

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Aug 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6810 - 1.6950	1.6810 - 1.6820	0.73-0.72cpm	5.17	2.12-2.09pm	5.01
Canada	1.9210 - 1.9355	1.9220 - 1.9230	0.43-0.26cpm	2.15	0.82-0.72pm	1.60
Netherlands	3.3000 - 3.3125	3.3000 - 3.3100	½-⅜cpm	1.82	1¼-1pm	1.36
Belgium	60.15 - 60.50	60.15 - 60.25	13-8cpm	2.09	26-19pm	1.50
Denmark	11.2900 - 11.3475	11.2950 - 11.3050	1⅝-1orepm	1.39	3⅛-2½pm	1.08
Ireland	1.0960 - 1.1095	1.0975 - 1.0985	0.13-0.08cpm	1.15	0.23-0.13pm	0.66
Germany	2.9325 - 2.9375	2.9325 - 2.9375	½-⅜pfpm	1.79	1¼-1pm	1.53
Portugal	250.20 - 251.90	250.90 - 251.90	79-98cdis	-4.22	249-286dis	-4.26
Spain	182.15 - 183.40	182.55 - 182.85	21-30cdis	-1.67	70-83dis	-1.67
Italy	2185.75 - 2196.50	2189.75 - 2190.75	par-2liredis	-0.55	3-5dis	-0.73
Norway	11.4425 - 11.4825	11.4425 - 11.4525	1⅛-⅝orepm	1.05	2½-1¼pm	0.59
France	9.9575 - 9.9775	9.9575 - 9.9675	1½-1⅛cpm	1.73	3⅝-2⅞pm	1.25
Sweden	10.6300 - 10.6675	10.6300 - 10.6400	⅞-⅛orepm	0.71	¼pm-par	0.14
Japan	229.50 - 231.75	229.75 - 230.75	¾-⅝ypm	3.58	2-1¾pm	3.37
Austria	20.63 - 20.68	20.65 - 20.68	3½-2⅞gropm	1.71	8¾-6pm	1.39
Switzerland	2.5600 - 2.5700	2.5600 - 2.5700	⅝-½cpm	2.63	1¾-1½pm	2.63
Ecu	1.4265 - 1.4325	1.4295 - 1.4305	0.16-0.11cpm	1.13	0.39-0.28pm	0.94

Commercial rates taken towards the end of London trading. Six-month forward dollar 3.89-3.86cpm. 12 Month 7.03-6.93cpm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Aug 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	[illegible]10 - 1.6950	1.6810 - 1.6820	0.73-0.72cpm	5.17	2.12-2.09pm	5.01
Ireland†	1.5390 - 1.5465	1.5455 - 1.5465	0.53-0.46cpm	3.92	1.60-1.50pm	4.01
Canada	1.1390 - 1.1420	1.1400 - 1.1410	0.25-0.28cdis	-2.79	0.78-0.82dis	-2.81
Netherlands	1.9475 - 1.9665	1.9655 - 1.9665	0.57-0.60cdis	-3.57	1.78-1.83dis	-3.67
Belgium	35.60 - 35.85	35.75 - 35.85	9.00-11.00cdis	-3.35	29.00-33.00dis	-3.46
Denmark	6.6800 - 6.7250	6.7175 - 6.7225	2.05-2.35oredis	-3.93	6.55-7.05dis	-4.05
Germany	1.7290 - 1.7465	1.7455 - 1.7465	0.51-0.52pfdis	-3.54	1.55-1.58dis	-3.59
Portugal	148.10 - 149.00	148.85 - 148.95	1.10-1.20cdis	-9.27	345-365dis	-9.54

MONEY MARKETS

Very large shortage

INTEREST RATES [illegible] little changed in calm London trading yesterday, despite an extremely large shortage [illegible] day-to-day credit.

Three-month sterling interbank was unchanged at 10⅝-[illegible] per cent, [illegible] 12-month money was quoted [illegible] 10⅝-10$\frac{9}{16}$, compared with 10$\frac{11}{16}$-10$\frac{9}{16}$ [illegible] cent.

[illegible] sterling [illegible] moved in a very narrow range [illegible] Liffe, waiting for economic news. September delivery closed unchanged [illegible] 89.33 and the December contract [illegible] also unchanged [illegible] [illegible].

UK clearing bank base lending rate 11 per cent from July 12, 1991

The Bank of England initially forecast [illegible] credit shortage [illegible] £1,900m on the money market, but [illegible] this [illegible] £1,750m at noon, and [illegible] [illegible] in the afternoon. Total assistance [illegible] £1,724m was provided.

An early round [illegible] help was [illegible] and at [illegible] time [illegible] authorities bought £382m bills for resale [illegible] the market in equal amounts on September 2 and [illegible] at an interest rate of 10$\frac{9}{16}$ *per cent.*

In further operations before lunch the Bank of England bought £448m bills, including outright purchases [illegible] [illegible] Treasury bills in band 1 [illegible] [illegible] per [illegible] and £16m bank bills in [illegible] 1 [illegible] 10⅞ per cent. Another [illegible] bills [illegible] purchased for [illegible] *to* the [illegible] in equal [illegible] on September 2 and 4 at a rate of [illegible] per [illegible].

In the afternoon £654m bills were bought outright, by way [illegible] £171m Treasury bills in band 1 [illegible] 10⅞ per [illegible] and [illegible] bank bills in band 1 [illegible] 10⅞ per cent. [illegible] assistance of around [illegible] [illegible] [illegible] provided.

Bills maturing in official hands, repayment [illegible] late assistance and a take-up [illegible] Treasury [illegible] *drained £1,133m*, with [illegible] unwinding [illegible] bill repurchase agreements absorbing £559m; exchequer transactions £100m; and bank [illegible] [illegible] [illegible] £110m.

In Frankfurt call money fell to 8.875 from 9.15 per cent as banks adjusted reserve holdings [illegible] the end of the month. [illegible] [illegible] added [illegible] liquidity into [illegible] market on Wednesday, but most [illegible] this [illegible] probably withdrawn yesterday. [illegible] *was no change in credit* policies at yesterday's Bundesbank council meeting. The discount [illegible] remains at [illegible] per cent and the Lombard emergency financing rate at 9.25 per cent.

In Amsterdam the Dutch Central [illegible] [illegible] [illegible] special [illegible] [illegible] unchanged [illegible] 9.00 per cent at a tender for four-day liquidity.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

FINANCIAL FUTURES AND OPTIONS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	Calls December	Calls [illegible]	Puts September	Puts December	Puts March
102	-	-	4.37	-	0.06	0.24
103	-	3.42	3.56	-	[illegible]	0.37
104	2.26	-	2.82	-	[illegible]	0.57
105	1.28	1.78	-	-	[illegible]	0.86
106	[illegible]	1.15	-	0.01	[illegible]	-
107	-	0.69	1.09	-	-	-
Open int	114,057	84,816	27,283	95,340	56,603	28,750

Estimated volume 65,735 Total Open Interest 411,749

BASE LENDING RATES

	%		%		%
Adam & Company	11	Co-operative Bank	11	McDonnell Douglas Bnk	11
Allied Trust Bank	11	Coutts & Co	11	Midland Bank	11
AIB Bank	11	Cyprus Popular Bk	11	Mount Banking	11
● Henry Ansbacher	11	Dunbar Bank PLC	11	NatWestminster	11
B & C Merchant Bank	11	Duncan Lawrie	11	Northern Bank Ltd	11
Bank of Baroda	11	Equatorial Bank plc	11	Nykredit Mortgage Bank	12
Banco Bilbao Vizcaya	11	Exeter Bank Limited	11½	Provincial Bank PLC	14
Bank of Cyprus	11	Financial & Gen. Bank	11.5	Roxburghe Bank Ltd	12
Bank of Ireland	11	First National Bank Plc	[illegible]	Royal Bk of Scotland	11
Bank of India	11	● Robert Fleming & Co.	11	● Smith & Williamson Secs.	11
Bank of Scotland	11	Robert Fraser & Ptnrs.	11½	Standard Chartered	11
Banque Belge Ltd	11	Girobank	11	TSB	11
Barclays Bank	11	● Guinness Mahon	11	Unibank plc	11
Benchmark Bank	11	● Hambros Bank	11	● United Bk of Kuwait	11
Brit Bk of Mid East	11	Hampshire Trust Plc	13.5	Unity Trust Bank Plc	11
● Brown Shipley	11	Heritable & Gen Inv Bnk	11	Western Trust	11
CL Bank Nederland	11	● Hill Samuel	11	Westpac Bank Corp.	11
Citibank NA	11	C. Hoare & Co.	11	Whiteaway Laidlaw	11
City Merchants Bank	11	Hongkong & Shanghai	11	Yorkshire Bank	11
Clydesdale Bank	11	● Leopold Joseph & Sons	11		
Comm. Bk of London Plc	11	Lloyds Bank	11		
		Megbraj Bank Ltd	11		

● [illegible] of [illegible] Merchant [illegible] & Securities Houses [illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,633 Set by HIGHLANDER

ACROSS

1 [illegible] at the car manufacturers' ball? (6,5)
7 Not many heard the exclamation of relief (3)
9 Has to secure the borders with alacrity (5)
10 [illegible] improvement from the [illegible] [illegible]
11 Having drunk lager first, always [illegible] control [illegible] car (4,5)
12 Rejected girl [illegible] [illegible] [illegible] hair to dye (5)
13 Mad, clean round the bend, runs with explosive energy [illegible]
15 Spoils sound [illegible] old instrument (4)
[illegible] Calling for [illegible] boundary [illegible]
[illegible] In [illegible] parts tea-cake [illegible] permitted [illegible] fish (7)
[illegible] A light [illegible] sea [illegible] three [illegible] (5)
[illegible] [illegible] [illegible] [illegible] an unusual parade (9)
26 Plant accommodation houses Italians mostly [illegible]
27 Shrub (anag.) (5)
28 Staff make love in [illegible] [illegible] (3)
29 [illegible]ed pair consort with one of the plotters (11)

DOWN

1 Wood: one needs a lot to pen a pig (8)
2 Systematic investigation reaches resort on river (8)
3 Inside one can hide a letter – it's perfect (5)
[illegible] Let loose two notes on the organ (7)
5 [illegible] certainty to make it lifelike, as usual (7)
6 The [illegible] damaged [illegible] king's defensive arrangement [illegible]
7 Criminals stash half the loot in the marshes (6)
8 [illegible] [illegible] bottom of the road [illegible] an ambush [illegible]
14 Mysterious [illegible] [illegible] [illegible] came with it [illegible]
16 Need [illegible] match to go outside: there's a power [illegible] [illegible]
17 [illegible] [illegible] [illegible] [illegible] the way [illegible] [illegible]
19 A [illegible] character [illegible] by one slip (7)
20 Exercise [illegible] taken at university (5-2)
21 Glimpse bird landing place in Canada (6)
22 *Ran with inferior* members (6)
25 Prove wrong about root (5)

Solution [illegible] Puzzle No.7,632

SHARPS NEPALI / TOPONYM DENTIST / LABORATORY IAMB / KAYAK RABELAIS / ARTISTRY IONIC / ISIS PERMAFROST / LONGHOP FIREARM / ESTHER CRAYON

هكذا من الأصل

WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Aug 28	Aug 27	Aug 26	Aug 23	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
¢Industrials	3055.23	3026.16	3039.36	3040.25	3055.23 (28/8)	2470.30 (9/1)	3055.23 (28/8/91)	41.22 (2/7/32)
Home Bonds	96.11	96.08	96.04	95.89	96.11 (28/8)	91.30 (16/1)	96.11 (28/8/91)	54.99 (1/10/81)
Transport	1212.45	1202.40	1212.27	1215.44	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	208.56	206.56	206.31	206.00	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

¢Day's High 3064.85 (3047.41) Low 3018.11 (3007.83)

STANDARD AND POOR'S	Aug 28	Aug 27	Aug 26	Aug 23	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	396.64	393.06	393.85	394.17	396.64 (28/8)	311.49 (9/1)	396.64 (28/8/91)	4.40 (1/6/32)
Industrials	471.86	467.59	468.45	468.89	471.86 (28/8)	364.90 (9/1)	471.86 (28/8/91)	3.62 (21/6/32)
Financial	32.01	31.73	31.90	31.92	32.24 (14/8)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	217.17	215.26	215.61	215.75	217.17 (28/8)	170.97 (9/1)	217.17 (28/8/91)	4.46 (28/4/42)
Amex Mkt. Value	370.62	369.62	369.72	369.35	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	526.29	521.75	521.38	521.06	526.29 (28/8)	355.75 (14/1)	526.29 (28/8/91)	54.87 (31/10/72)

	Aug 23	Aug 16	Aug 9	year ago (approx.)
Dow Industrial Div. Yield	3.01	3.08	3.18	4.29

	Aug 21	Aug 14	Aug 7	year ago (approx.)
S & P Industrial div. yield	2.69	2.70	2.68	3.11
S & P Indl. P/E ratio	21.35	21.31	19.62	16.07

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Telefonos	2,669,000	37½	+ ⅛
Unisys Corp	2,630,500	5⅛	+ ⅛
Limited Inc	2,029,000	28½	+ ⅝
Philip Morris	1,932,900	74⅛	+ ⅞
USX Marathon	1,796,200	31⅞	+ 1⅛
RJR Nabisco	1,764,300	12⅛	----
Texas Utilities	1,613,700	37½	+ ⅛
IBM	1,612,600	94½	- ⅞
Amer T & T	1,575,000	38⅝	- ⅛
Contl Bank Corp	1,566,500	13½	- ⅛

TRADING ACTIVITY

† Volume (Millions)	Aug 28	Aug 27	Aug 26
New York SE	169.590	143.920	128.400
Amex	16.746	14.044	10.084
NASDAQ	165.659	139.672	112.278
NYSE			
Issues Traded	2,083	2,091	2,089
Rises	1,058	689	745
Falls	509	869	818
Unchanged	516	533	526
New Highs	133	79	94
New Lows	4	7	8

CANADA

TORONTO	Aug 28	Aug 27	Aug 26	Aug 23	1991 HIGH	1991 LOW
Metals & Minerals	3116.42	3111.10	3127.48	3121.18	3299.99 (18/7)	2632.06 (9/1)
Composite	3521.30	3517.26	3532.00	3532.10	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1868.96	1871.66	1882.92	1882.92	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday, 29 August, 1991

	Stocks Traded	Closing Prices	Change on day
Osaka Gas	7.0m	535	+20
Mitsui Shipbldg	6.6m	557	+34
Showa Shell	6.0m	1,080	+60
Cosmo Oil	5.5m	789	+21
Nippon Carbon	4.7m	1,230	+40
Kurabo Ind.	4.7m	790	+81
Mitsubishi Mat.	4.2m	585	+14
Hitachi Zosen	4.2m	616	+23
Nippon Steel	3.3m	398	+8
NKK	3.3m	380	+10

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

3:15 pm prices August 29

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	AAR Corp	0.48	0.03	17	498	16¼	15⅝	16¼	+⅛
[illegible]	14½	[illegible]	0.16	0.01	17	801	15⅞	15¼	[illegible]	+⅛
[illegible]	[illegible]	AMP Inc	1.44	0.03	20	2063	54⅝	53¼	53¾	-⅛
68⅞	[illegible]	AMR			11	1930	59⅞	59⅛	59⅝	-¼
2⅞	1¼	ARX			1	5	1⅜	1⅜	1⅜	
56	41½	ASA	3.50	0.08	13	708	45⅜	44½	44⅝	-1
55⅝	39¼	Abbott Lab	1.00	0.02	23	2783	55	54⅜	54¾	-⅛
[illegible]	9⅞	Abitibi Pr	0.50	0.03	26	12	14½	14⅜	14⅜	-⅛
11⅝	10⅝	ACM Gvt In	1.26	0.11		307	11¼	11⅛	11¼	+⅛
9¼	8⅞	ACM GvOpp	1.01	0.11		21	9½	9⅜	9½	
9¼	8¼	[illegible]	1.01	0.11		322	u9⅜	9¼	9⅜	-⅛
11	9⅞	ACM Gvt Se	1.26	0.12		619	10⅝	10½	10⅝	
[illegible]	7⅞	ACM Man	1.01	0.12		283	8½	8⅜	8½	
12⅞	11⅜	ACM Managd	1.37	0.11		146	12¼	12⅛	12¼	+⅛
7½	4½	Acme Cleve	0.40	0.06	17	21	6½	6½	6½	
6	3⅞	Acme Elect			2	254	4⅝	4¼	4⅝	+⅛
40	22¼	Acuson			22	1218	33½	32¼	33	-½
18¾	14¼	Adams Expr	0.73	0.04	0	33	u18¾	18⅝	18¾	
20½	17½	Adobe12Pt	2.40	0.13		132	18	17¾	18	+¼
9¼	6⅝	Adobe Res			47	74	7⅛	7	7⅛	
38⅞	18	Ad Micro				30	36⅞	36⅝	36¾	-¼
14¼	4⅝	Ad Micro P	3.00	0.25	19	6230	12¼	12⅛	12⅛	
5⅛	2¼	Advest Grp	0.16	0.04	5	78	3¾	3½	3⅝	
49½	33⅞	Aetna Lf	2.76	0.08	7	1835	35⅛	34¾	34⅞	+⅛
10⅝	6⅞	Affil A	0.24	0.03	50	1052	9	8⅞	9	+⅛
20⅞	12	Ahmanson	0.88	0.05	11	977	19⅜	18⅞	18⅞	-¼
[illegible]	2⅞	Aileen Inc			16	84	12½	12¼	12⅜	
74½	51½	Air Pr Chm	1.56	0.02	15	382	69	68¼	68¾	

[illegible]

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Chng
Xerox	3.00	0.05	10	1217				
Xerox4.125				73	u51½	51⅞	51½	+¼
Xtra 1.94				114	21¼	21¼	21¼	+⅛
Xtra Corp	0.72	0.03	78	51	23¼	23⅝	23⅝	−⅛
Yankee Egy x	1.60	0.07	11	54	24	23½	24	
Zapata			3	119				
ZenithElec			1	342	5⅞	5¾	5¾	
Zenith Nat	1.00	0.06	37	5	16⅝	16⅝	16⅝	
Zenix Inc x	0.84	0.14		31	6	5⅞	6	+⅛
Zero Corp	0.40	0.03	17	60	15	14⅞	14⅞	−⅛
Zurn Ind	0.88	0.02	15	451	38	37⅞	37⅞	−¼
Zweig Fund	1.12	0.09		339	12½	12¼	12⅛	−⅛
Zweig Totl	0.96	0.09		1347	u10⅛	9⅞	10⅛	+¼

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also stra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices August 29

CHILE

The FT proposes to publish this survey on
October 31 1991.

This survey will be read in 160 countries worldwide, including Chile where it will be widely distributed. In Europe 89% of the professional investment community regularly read the FT. If you want to reach this important audience, call

Paul Maraviglia
on 071 873 3447
or fax 071 873 3079.

Data source: Professional Investment Community 1989 (MPG Inc)

NASDAQ NATIONAL MARKET

3.15 pm prices August 29

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		37	3461	u29½	28	29¼	+1
XL Data		37	688	u72⅝	12⅞	12½	+⅛
Xoma Corp		11	8817	21¼	20¼	21	+1
Yellow Fr	0.94	18	200	31⅞	31¼	31⅝	−⅛
York Rsch		52	2890	6¼	5⅝	5¾	+⅝
ZionsUtah	1.44	10	11	u50	48¾	48¾	

EUROPEAN FINANCE & INVESTMENT THE NETHERLANDS

The FT proposes to publish this survey on
4th September 1991
Please call Micael Heinio on Telephone: (020) 6239430/(020) 6225668 Fax: (020) 6235591 or alternatively Sandra Lynch Tel: 071-873 4199 Fax: 071-873 309

FT SURVEYS

AMERICA

Equities anchored after recent show of strength

Wall Street

A LACK of buyers, an early bout of profit-taking and program selling left share prices anchored at opening levels yesterday morning, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was down 6.71 at 3,048.52. The more broadly-based Standard & Poor's 500 was also little changed at midsession, easing 0.41 to 396.23 by 1 pm, while the Nasdaq composite of over-the-counter stocks was up 0.55 at 526.84. Turnover on the NYSE was a modest 96m shares by 1 pm. Declines outnumbered rises by 747 to 663.

Prices weakened at the start after some investors decided to take profits earned in recent days. There was more bearish news about the economy, with weak home sales and personal income offsetting a slight rise in personal spending. On balance, the data increased the likelihood of a cut in interest rates by the Federal Reserve but neither this, nor a strong rise in bond prices, was enough to stimulate buying.

Among individual issues, USX-Marathon firmed $⅛ to $32¾ on turnover of 2.3m shares after several analysts made positive comments on the stock in the wake of Wednesday's announcement by Elf Aquitaine of France that it had made an oil discovery in a North Sea field in which the US group has a stake.

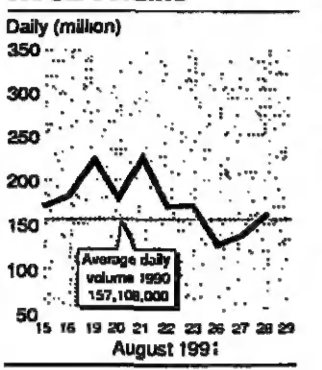
City National dropped $2 to $12½ after the banking group said that it expected to report a third quarter net loss due to a $30m provision for loan losses. Other banking stocks were generally higher on hopes for lower interest rates, with Manufacturers Hanover up $½ at $29¾, BankAmerica up $⅜ at $44, Bankers Trust up $¾ at $59⅛ and Chemical Bank up $½ at $26⅝.

Duke Power slipped $1 to $29¾ on the news that the North Carolina Public Utilities Commission staff had recommended a power rate increase far below that requested by the company.

On the over-the-counter market, In Focus Systems fell $1¾ to $11⅝ after an analyst at Hambrecht & Quist lowered his estimate for the company's earnings in the fiscal years 1991 and 1992, citing continued softness in the company's core business of providing colour liquid crystal display projection panels for personal computers, and a delay in generating strong revenue from an agreement with Compaq Computer.

Pharmchem Laboratories slipped $1¾ to $8¾ in response to a statement from the company that its bid for an important contract with the US postal service had failed.

NYSE volume



Canada

TORONTO midday stocks were slightly lower. The TSE-300 composite index eased 3.67 to 3,517.61, pulled lower by a fall in the metals and minerals index. Volume stood at 13.09m shares compared to 8m at midday on Wednesday. Inco was off C$⅛ at C$39⅞, while Alcan was steady at C$24. American Barrick fell C$⅛ to C$25⅛.

Foreigners drive Argentina to record high

Optimism about the economy has attracted funds from abroad, says **John Barham**

ARGENTINA has seen some phenomenal stock market runs in its time, notably from May to September 1989, but its current record-breaking rally is remarkable for the influx of foreign funds on optimism about the country's economy.

Daily turnover rocketed from $7.9m on August 1 to hit a record $116m last Friday, making Buenos Aires the busiest stock market in Latin America. Share prices, measured by the exchange's Merval index, rose 110.9 per cent to hit a record 5.99m last Thursday from 2.84m at the start of the month.

Share prices and turnover cooled off rapidly at the start of the week, with the Merval tumbling to 4.84m by Tuesday, while turnover slumped to $44.8m. But they quickly rebounded the next day, with the index jumping 13.84 per cent to 5.51m and turnover recovering to $51.4m.

Mr Franklin G. Williams, manager of FIMA, Argentina's largest unit trust, points out: "This is now a new market, completely different from the old one."

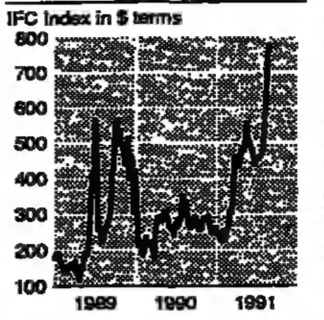
Unusually, overseas funds have been powering the market, instead of the traditional domestic, speculative buying, as foreigners build up positions in equities. Argentina, which has been a heavy exporter of capital in the past, is now in the unaccustomed position of attracting long-term capital from abroad.

Foreigners have apparently concluded that Argentina's economic reforms have reached a turning point, and that equities will yield big profits over the long term. Analysts compare Argentina with Chile and Mexico, whose equity markets surged in response to economic reform.

Mr Domingo Cavallo, the economy minister, has brought inflation down to single figures and hopes to reach a final settlement next year with Argentina's creditors to reduce the $61bn external debt. The economy is recovering and the government expects growth of 5 per cent this year.

Other factors, like the International Monetary Fund's approval at the end of July of a $1.04bn stand-by loan for Argentina, and the prospect of a resounding government victory in gubernatorial elections on September 8 helped fuel the market's rise.

Argentina



Source: Datastream

Mr Christopher Ecclestone, director of Ecclestone, Hickey, Wilson, a Buenos Aires equity research house, says: "This country has changed so much in the last two weeks that it has become hard to interpret the market. A whole lot of things clicked at the same time."

For the time being, negative real interest rates and a limited range of investment opportunities have made equities a natural choice for investors. One of their main limitations seem to be a severe shortage of stock in the face of heavy demand.

Even if the market were to fall back in the short term, the consensus is that Argentine equities show strong growth prospects over the coming four to five years. The government is committed to maintaining its free market reforms. Wholesale privatisation of nearly all public companies is a centrepiece of its policies.

The government also promises to reduce heavy share transaction costs, which exceed 20 per cent in some cases, and eventually abolish fixed commissions.

Mr Martin Redrado, president of the National Securities Commission, the market watchdog, wants to encourage companies to return to the market by speeding up listing procedures.

The surge in Argentine equities coincides with growing interest in Latin America. Events in the Soviet Union and Yugoslavia have added to Latin America's allure, and Argentina was one of the few markets to rise during the abortive Soviet coup.

New emerging market funds launched to invest in the region are oversubscribed; and several foreign banks have paid up to $600,000 for a seat on the Buenos Aires exchange, far more than they would have to pay in London or New York.

Investors should be prepared for a rough ride. Argentina's economy, its political system and the stock market are volatile even by Latin American standards: equities dropped by 65 per cent in dollar terms between end-September 1989 and end-January 1990. Although Mr Cavallo has made rapid progress, smooth growth is far from assured.

But the growing foreign presence in the Argentine market can only be beneficial. By one estimate, foreign investors already hold 15 per cent of Argentine equities. Not only are they bringing greater stability and professionalism to a highly speculative market, but they are sweeping away its clubby and corrupt atmosphere.

ASIA PACIFIC

Nikkei responds to US and domestic bond gains

Tokyo

SHARE PRICES closed substantially higher yesterday on increased bond prices and an overnight rise on Wall Street to record levels, *writes Emiko Terazono in Tokyo.*

The index closed up 380.54 or 1.8 per cent at 22,002.17. The index opened at the day's low of 21,708.02 and hit the day's *high of 22,057.43 in the afternoon* as news of the failure of a condominium dealer fanned hopes of lower interest rates.

Volume fell to 220m shares from 250m, but traders detected buying by institutional investors and foreigners. Gainers led losers by 730 to 187 with 151 issues remaining unchanged. The Topix index of all first section shares rose 23.66 to 1,706.60, and in London the ISE/Nikkei 50 index rose 10.21 to 1,312.60.

Reports that Maruko, a Tokyo-based condominium distributor, had filed for protection under the bankruptcy law for outstanding debts of Y285.8bn failed to dampen sentiment, as the bond market rallied on hopes of lower interest rates. Market participants reasoned that a rise in bankruptcies would persuade the Bank of Japan to lower the official discount rate.

The yield on the 129 10-year benchmark finished down 0.085 percentage points at 6.365 per cent and the Nikkei futures closed up 320 at 22,250.

Testimony by former brokerage executives at the lower house special finance committee did not affect the market, as most investors and traders saw it as purely symbolic. Mr Setsuya Tabuchi, former chairman of Nomura Securities, gave his testimony in the morning and Mr Takuya Iwasaki, former president of Nikko Securities, appeared before the committee in the afternoon. Previously, share prices had been depressed by the prospect that the testimonies would reveal more scandals.

All 36 sectors gained. Osaka Gas, the most active issue of the day, rose Y20 to Y538. Institutional investors were also seen buying large-capital issues, but Mr Masami Okuma at UBS Phillips & Drew said that it was only short-term trading.

Showa Shell Sekiyu, the oil refiner, rose Y60 to a record *high of Y1,950. The company* has forecast a sharp rise in pre-tax profits. Buying spread to other stocks in the sector, with Cosmo Oil gaining Y21 to Y783.

Some housing issues were weaker, affected by the failure of Maruko. Misawa Homes fell Y60 to Y1,510.

In Osaka, the OSE average rose 260.68 to 23,552.39 on volume of 24.5m shares. Rohm, the linear integrated circuit maker, gained Y60 to Y2,530 on light buying. Investors were encouraged by the company's upward revision of earnings. Pre-tax profits are now expected to rise 35 per cent to Y11bn for the current year.

Roundup

THE REGION made a relatively tepid response to the gains in Tokyo and overnight in New York.

HONG KONG ended narrowly mixed as cautious sentiment erased moderate morning gains. The Hang Seng index fell 7.91 to 3,960.23 while turnover improved to HK$1.41bn from HK$1.31bn. Contributing to the downturn were rumours that the Jardine Matheson group planned to switch its primary listing to London, and delist from the local bourse as early as mid-September. Jardine Matheson Holdings tumbled HK$1.25 to HK$30.50.

HSBC Holdings, the holding company for Hongkong Bank, added 75 cents to HK$31.25 and topped the most active list in the wake of its positive results this week.

SINGAPORE finished higher in thin trading. The Straits Times Industrial index closed up 17.26 at 1,407.46 in steady turnover of S$85.6m after S$58.88m.

KUALA LUMPUR rebounded after four days of losses, supported by gains in the US and Japan. The composite index rose 10.42 or 1.9 per cent to 545.80 in turnover of M$95.3m after M$53.1m.

Genting and its listed subsidiary, Resorts World, rose after reporting interim results which exceeded most expectations. Genting climbed 30 cents to M$10.20 while Resorts World jumped 45 cents to M$9.40.

SEOUL fell on concerns about the growing current account deficit. The composite index closed at 685.44, down 6.84 in volume of Won147.3bn after Won205bn. The country's current account deficit reached $7bn during the first seven months of the year and analysts expect the deficit for the entire year to be about $5.5bn, up from earlier forecasts of about $2.5bn.

AUSTRALIA blamed disappointing company results as the All Ordinaries index fell 0.7 to 1,540.5, although a 14 per cent rise in profits at Lend Lease, the property and financial services group, took the shares up 5 cents to A$16.35.

Turnover rose from A$164m to A$233m. TNT, the transport group, postponed its results until today as it sold 42.9m Normandy Poseidon shares through JB Were at A$1.20 a share.

NEW ZEALAND retreated a little as the NZSE-40 index closed 3.37 lower at 1,414.11; MANILA finished mixed, the composite falling 1.31 to 1,024.68 after six consecutive gains, and TAIWAN broke a seven-session losing streak as the weighted index inched up 6.03 to 4358.95.

BOMBAY was closed to enable brokers to complete pending settlement work.

EUROPE

Sentiment varies as senior bourses improve

WITH PARIS confident, Frankfurt holding its own in thin volume and Milan still dealing with its latest scandal, senior bourses presented a varied picture as they rose gently in line yesterday, *writes Our Markets Staff.*

PARIS rose to its highest level since June after surprisingly good second quarter GDP data. The CAC 40 index closed 5.91 higher at 1,857.74, its highest close since June 14 when it ended at 1,858.17; a slightly easier start on Wall Street brought the index off the day's high of 1,867.63. Volume was estimated at a heavy FFr3bn after FFr2.3bn.

Mr David Harrington of James Capel in Paris said that while the export-led 0.8 per cent rise in GDP was encouraging, the market needed a cut in *interest rates* and *some good* corporate results and trading statements to lift the CAC 40 index decisively above the year's high of 1,874.81 reached on June 11.

Michelin continued to power ahead, closing at a new 1991 high of FFr126, up FFr1.20, increasing the likelihood of an early rights issue.

Among blue-chips sought by foreign and domestic buyers, Alcatel Alsthom rose FFr12 to FFr593 with a heavy 462,910 shares traded. Among more speculative issues, the department store chain Printemps came off a day's high of FFr905 to close FFr4 lower at FFr878 with in decent volume of 62,925 shares. The stock has been sought this week on renewed talk that the Maus family would have to sell its stake in the company.

FRANKFURT concentrated on company news, although Volkswagen's rise of DM5.30 to DM387.30 on a 1 per cent rise in first half profits still reflected VW's east European aspirations. In contrast, Daimler rose by a more average DM4.50 to DM759.50 on its forecast of flat profits for 1991 as a whole.

FT-SE Eurotrack 100 - Aug 29							
Hourly changes							
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1126.04	1125.73	1126.53	1126.27	1125.97	1126.72	1126.32	1124.82
Day's High 1127.24				Day's Low 1124.40			
Aug 28	Aug 27	Aug 23	Aug 22	Aug 21			
1121.03	1118.91	1112.34	1108.61	1100.53			

Base value 1000 (26/10/90)

In chemicals, Hoechst took the wooden spoon with a profits drop of 22 per cent, and the shares fell DM2.10 to DM244.40 while BASF, with profits 10.6 per cent lower, rose DM3.80 to DM247.30.

The initial reaction to yesterday's results was more enthusiastic, but demand for stocks dried up and the DAX index ended a token 8.00 higher at 1,655.50 after a 3.29 rise to *688.99 for the FAZ at midsession.* Frankfurt turnover fell again, from DM2bn to DM1.7bn, after a rise in German stock market turnover from DM3.2bn to DM3.3bn on Wednesday.

MILAN continued to focus on second-line stocks. The Comit index added 4.08 to 553.70 in turnover thought to be higher than Wednesday's paltry L42bn.

After the close, the bourse watchdog, Consob, confirmed that today's settlement of the August trading month had been postponed until further *notice following the failure of* two brokers and one commission house as a result of a big stock fraud.

The cement manufacturer Cementir continued to rise on privatisation prospects, adding L154 or 5.9 per cent to L2,765. The stock has risen by 32.9 per *cent this week, following* its five-week suspension.

AMSTERDAM's CBS Tendency index closed at 91.4, up 0.1 on the day. Publishing featured as all three majors reported interim results. Elsevier was amongst the most active stocks, closing Fl 1.20 higher at Fl 85.60 on a 9.6 per cent rise in first-half net. Wolters-Kluwer rose 90 cents to Fl 56.30 while VNU ended at Fl 72.80, up Fl 2.10 after reporting a smaller-than-expected drop in its interim net.

ZURICH saw active trading in chemicals and insurers, boosted by talk of higher than expected Roche earnings and rumours of new insurance share options.

The Crédit Suisse index closed up 4.2 at 539.1. Schindler certificates fell SFr55 to SFr860 after the lift maker forecast a 35 per cent fall in group profits this year.

STOCKHOLM was firmer in active trading. The Affärsvärlden *general index* gained 3.4 to 1,092.2 in high turnover of SKr459m after SKr399m.

AGA free B's closed SKr12 higher at SKr333 with a relatively heavy 25,000 shares traded. But dealers said there were no reasons for the rise.

Astra continued to rise after its good interim results, the free B's gaining SKr4 to SKr577. Volvo, which released its first-half results after the close on Wednesday, saw its free B's steady at SKr354.

BRUSSELS saw turnover fall from BFr511m to only BFr393m. The Bel 20 index added 1.16 to 1,121.56.

Electrorail recovered some of last week's losses, rising BFr21 to *BFr270. The holding* company is negotiating to sell its troubled carpet subsidiary, Tonton Tapis, to the Dutch retailer, Machtosh.

SOUTH AFRICA

JOHANNESBURG lost ground in the afternoon, as gold shares were depressed by easier bullion prices. The all-share index fell 12 to 3,382 as the all-gold index slid 17 to 1,110. The industrial index ended 8 lower at 4,127.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY AUGUST 28 1991								TUESDAY AUGUST 27 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	146.42	+0.2	128.45	126.48	132.46	124.09	+0.1	5.00	146.07	128.87	126.45	132.79	124.02	151.58	112.74	145.79
Austria (20)	174.11	+0.3	152.74	150.40	157.51	157.53	−0.2	1.80	173.62	153.17	150.30	157.83	157.88	222.37	164.82	231.75
Belgium (47)	127.73	+0.4	112.05	110.32	115.54	112.92	−0.1	5.24	127.17	112.19	110.08	115.60	113.06	151.20	118.04	145.13
Canada (114)	140.21	+0.2	123.00	121.10	126.83	115.84	+0.1	3.27	139.95	123.47	121.14	127.21	115.73	142.27	126.49	135.42
Denmark (37)	252.71	−0.2	221.69	218.29	228.60	231.05	−0.6	1.53	253.23	223.41	219.22	230.19	232.56	270.56	217.74	259.47
Finland (16)	95.18	−0.2	83.50	82.22	86.11	85.03	−0.3	2.83	95.35	84.12	82.55	86.68	85.32	125.15	83.53	123.98
France (109)	136.30	+0.8	119.57	117.72	123.29	126.25	+0.2	3.52	135.24	119.31	117.05	122.92	125.85	152.26	119.11	143.66
Germany (65)	108.89	+0.6	95.53	94.07	98.50	98.50	+0.1	2.28	108.26	95.51	93.73	98.41	98.41	125.35	94.15	124.10
Hong Kong (55)	165.04	−0.3	144.78	142.55	149.30	164.45	−0.3	4.29	165.55	146.05	143.31	150.50	165.03	169.98	119.62	123.31
Ireland (18)	154.77	+0.7	135.78	133.69	140.01	142.07	+0.3	3.52	153.71	135.61	133.06	139.73	141.60	182.46	132.88	154.58
Italy (77)	71.12	+0.2	62.39	61.43	64.33	68.94	−0.4	3.39	71.00	62.64	61.46	64.54	69.23	88.23	64.76	92.35
Japan (474)	121.50	−0.2	106.59	104.95	109.93	104.95	−0.5	0.80	121.80	107.46	105.44	110.74	105.44	146.97	118.23	126.80
Malaysia (68)	199.01	−0.8	174.59	171.89	180.02	213.46	−0.7	3.15	200.65	177.02	173.59	182.40	215.03	247.78	189.18	212.69
Mexico (16)	1207.95	+1.8	1059.71	1043.42	1092.74	4026.20	+1.8	1.35	1186.86	1047.09	1027.45	1078.91	3955.90	1207.95	534.45	515.94
Netherland (31)	137.14	+0.4	120.31	118.46	124.06	122.71	−0.1	4.37	136.55	120.47	118.21	124.13	122.78	145.73	125.70	138.18
New Zealand (14)	46.63	+1.2	40.91	40.26	42.18	43.10	+1.0	7.07	46.09	40.66	39.90	41.90	42.66	54.64	41.18	62.98
Norway (31)	203.12	+0.0	178.19	175.46	183.75	187.54	−0.4	1.50	203.07	179.16	175.80	184.61	188.26	223.24	178.58	261.06
Singapore (38)	187.93	+0.6	164.87	162.34	170.01	149.14	+0.6	2.30	186.75	164.76	161.67	169.79	148.28	208.25	151.63	168.04
South Africa (61)	242.88	+2.3	213.07	209.79	219.71	169.89	+0.8	3.20	237.43	209.47	205.54	215.82	166.51	258.85	173.00	178.14
Spain (54)	150.28	+0.1	131.83	129.81	135.94	123.41	−0.4	4.35	150.07	132.39	129.92	136.42	123.86	171.12	131.51	158.50
Sweden (25)	191.79	+1.2	168.25	165.67	173.50	179.44	+0.8	2.47	189.58	167.26	164.12	172.34	178.08	204.12	146.60	202.71
Switzerland (58)	92.83	+0.9	81.44	80.19	83.99	87.34	+0.5	2.21	92.05	81.21	79.69	83.69	86.88	100.67	82.17	97.54
United Kingdom (240)	177.72	+0.7	155.91	153.50	160.75	155.91	+0.2	4.71	176.44	155.66	152.73	160.38	155.66	187.44	156.27	165.94
USA (527)	161.02	+0.8	141.26	139.09	145.67	161.02	+0.8	3.01	159.67	140.87	138.23	145.15	159.67	161.02	125.95	130.72
Europe (828)	139.04	+0.6	121.98	120.11	125.79	124.36	−0.1	3.84	138.19	121.32	119.63	125.63	124.24	151.52	125.50	142.96
Nordic (109)	187.16	+0.4	164.19	161.67	169.31	166.48	+0.0	1.95	186.47	164.51	161.42	169.51	166.54	200.81	155.55	202.47
Pacific Basin (718)	123.35	−0.2	108.21	106.55	111.59	107.02	−0.4	1.18	123.62	109.06	107.02	112.38	107.48	145.92	117.86	127.30
Euro – Pacific (1546)	129.89	+0.1	113.95	112.19	117.49	114.60	−0.2	2.31	129.71	114.44	112.28	117.91	114.84	147.66	121.29	134.02
North America (641)	159.66	+0.8	140.06	137.93	144.46	157.96	+0.8	3.03	158.38	139.72	137.12	144.00	156.70	159.56	125.91	130.92
Europe Ex. UK (588)	116.19	+0.5	101.93	100.38	105.13	106.27	+0.0	3.17	115.57	101.96	100.06	105.06	106.22	129.80	103.58	126.15
Pacific Ex. Japan (244)	141.75	+0.0	124.36	122.46	128.25	126.02	−0.1	4.42	141.74	125.05	122.72	128.66	126.12	147.60	111.40	132.33
World Ex. US (1737)	132.08	+0.2	115.87	114.10	119.49	116.19	−0.2	2.35	131.83	116.30	114.13	119.84	116.37	148.16	122.32	134.72
World Ex. UK (2024)	137.34	+0.4	120.49	118.64	124.26	127.63	+0.2	2.36	136.78	120.68	118.42	124.36	127.33	145.77	120.05	129.00
World Ex. So. Af. (2203)	140.18	+0.4	122.97	121.09	126.82	129.94	+0.2	2.60	139.59	123.15	120.85	126.91	129.66	148.66	122.92	132.00
World Ex. Japan (1790)	152.45	+0.7	133.74	131.69	137.93	144.38	+0.5	3.37	151.33	133.51	131.02	137.59	143.53	152.83	126.69	136.44
The World Index (2264)	140.85	+0.4	123.56	121.67	127.42	130.28	+0.2	2.61	140.23	123.71	121.40	127.48	129.99	149.01	123.28	132.28

Latest prices were unavailable for this edition